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NOTES FOR A STATEMENT
BY
THE HONOURABLE HERB GRAY

PRESIDENT OF THE TREASURY BOARD

ON
TABLING IN THE HOUSE OF COMMONS

OF THE
1983-84 MAIN ESTIMATES

February 22, 1983

UNIVERSITY OF TORONTO

CHECK AGAINST DELIVERY

83/05

Canada



Madam Speaker, this is the first step in Parliament's consideration of the detailed expenditure budget of the government for 1983-84. It is for Parliament to grant final approval of this spending plan. When approved, these Estimates establish the framework within which the activities of the federal government are carried out and accounted for. Tabling of these Estimates is the end of months of intensive preparation by the government.

The Main Estimates are a detailed and comprehensive statement of current government policies, programs and activities. However, given the lead time required to make all of the decisions and to produce the 49 separate books comprising the Estimates for this year, they are only a picture at one point in time of the totality of planned government spending. I say this because flexibility and adaptability by the federal government in reviewing and revising its programs are necessary for it to assist the recovery of our economy.

Madam Speaker, I should also remind Members of this House that the Budget which the Minister of Finance plans to bring forward in the near future may affect the spending plans for the year ahead. Of course, any changes arising from a Budget to the plan detailed in these Estimates will have to receive Parliamentary approval whether through Supplementary Estimates or separate legislation.

Another factor that has had an impact on these Estimates is the government's Six and Five program. The limits on federal public sector salaries and wages, on Old Age Security and Family Allowance payments, and on Public Service pension indexing have freed up funds for job creation and other programs to relieve hardship and speed economic recovery.

This year the Estimates are presented as a group of volumes: Part I, The Government Expenditure Plan; Part II, the Estimates proper (long referred to as the Blue Book); Part III, Program Expenditure Plans, that provide detailed program information.

This is the third year Part I has been prepared and tabled. It provides Parliament with an overview of government spending in a form conducive to an understanding of total expenditures, and focuses on the broad policy areas to which resources are allocated by Parliament through programs of departments and agencies.

Part II -- that is, the Blue Book -- continues to support the items that may eventually be included in the Appropriation Act of the Main Estimates. When the new form of the Estimates is fully developed, there will be changes to the form and content of Part II; however, this year it is the traditional Blue Book in structure and content.

Several volumes of Part III are tabled this year for the second time and a further number are provided for the first time. These volumes provide information to the Standing Committee of Parliament that

has the task of examining the Estimates for each ministry. Each volume includes explanations of what the department expects to achieve with the resources requested and includes, where possible, a statement of the benefits expected from the program. Part III will be expanded over the next few years to include volumes for all departments and agencies.

I am tabling, on behalf of my colleagues, the 47 Department Expenditure Plans. These documents, which are prepared by and are the responsibility of individual departments, provide a great deal of further details on government programs and, more specifically, what the government hopes to achieve with the money it plans to spend through these Estimates.

In recognition of the fact that individual Members will have particularly strong interest in examining certain programs and departments but not others, we are not having automatic distribution of all volumes of Part III to all Members. Members can obtain these documents from the Parliamentary Distribution Centre, by simply indicating those of interest to them on a list of available volumes included with their copies of Part I and the Blue Book. "The Guide to the Estimates of the Government of Canada", tabled last year, is also available to Members who wish assistance in locating information in any of the Estimates volumes.

A future initiative in improving the information available to Parliament is the planned revision of the Blue Book. As I have said, the new concept of the Estimates calls for presentation in three parts. Because consultation with Members on the form of Part I and Part III proved very constructive, it is my intention to initiate, in the near future, discussions with Members on proposals to amend the form and content of the current Blue Book. I would only note, at this time, our expectation of a reduction in the volume of the Blue Book when all Part III books are available and it becomes possible to relocate information to Part III without reducing the information available to Parliament for its consideration.

I would now like to focus on Part I of the Estimates - The Government Expenditure Plan. The updated plan for 1983-84 and the information related to 1982-83 reflect the policies and programs announced by the Minister of Finance in the June 1982 Budget and the October 1982 Economic Statement. Because final decisions have not yet been made on all of the measures to be included in the next Budget, Part I of the Estimates does not include any information on the planning years beyond 1983-84. Information on the government's multi-year expenditure plans will, however, be presented in the next Budget, including any changes the government may make for the current fiscal year.

As announced last Thursday by my colleague, the Minister of Finance, total forecast spending in 1983-84 is \$88.9 billion, an increase of 9.6 per cent over the revised forecast of \$81.1 billion for 1982-83. This rate of growth in spending, which of course does not take

into account any further measures that might be included in the upcoming Budget, is the lowest since 1979-80.

Even while funding substantial increases in existing and new measures to assist Canadians in this difficult economic period, the government has been able to restrain overall spending growth by implementing a number of spending restraint initiatives. The restraint program announced in the June Budget, which of course directly affects about one-half of total spending, results in funds available for reallocation of over \$700 million in wages and salaries, Old Age Security, Family Allowance payments and Public Service pension costs. In addition, planned spending on aid to developing countries and on defence was reduced by several hundred million dollars. Much of the overall 9.6 per cent spending increase is due to programs designed to protect those Canadians most in need, to provide support to sectors hard hit by the recession, and to enhance the prospects of economic recovery.

Within this total expenditure plan of \$88.9 billion, these Main Estimates provide for budgetary expenditures of \$85.6 billion, and for \$1.8 billion in loans, investments and advances. Within the overall plan the government has \$0.9 billion in reserves to cover adjustments to statutory programs as well as \$2.4 billion in envelope reserves to cover cost adjustments to other programs and to provide for planned but not yet announced initiatives. I should emphasize that these reserves are not "free money" for which no use has been found. A substantial portion is simply a prudent contingency fund against the inevitable uncertainties of precisely anticipating thousands of costs over one year in advance. In regards to remaining reserves, government decisions and approvals in principle have already been developed which effectively "ear mark" the reserves for a variety of initiatives. Once the details of such items are finalized, and should any of the contingency funds be required, Parliamentary approval will, of course, be sought through Supplementary Estimates. The planned total outlays of \$88.9 billion also reflect two other adjustments. First, Estimates must be adjusted down by the forecast \$0.5 billion in repayments on loans issued in previous years. Second, since the government cannot legally spend more money than Parliament authorizes, and in fact always spends less, a downward adjustment for the lapse of expenditure authority must be made, for which the current projection is \$1.4 billion.

Madam Speaker, I would now like to focus on the \$85.6 billion in budgetary expenditures provided for in these Main Estimates. I have attached to this statement, a table which displays certain items whose increases in funding from the 1982-83 Main Estimates levels make up most of the increased expenditure. Thirteen items account for about 80 per cent of the total increase of \$12.7 billion in budgetary Main Estimates. These items include increases of 2.7 billion in payments to persons for Old Age Security, Guaranteed Income Supplement, Spouse's Allowances and the government's contribution to unemployment insurance benefits. Increases of \$2.2 billion occur through transfers to the provinces under the Establish Programs Financing program, the Canada Assistance Plan and Fiscal Transfer Payments. Public Debt costs are up \$1.8 billion. Other items in this category are Petroleum Incentive Payments, National

Defence, Direct Job Creation, Canada Mortgage and Housing Corporation, the Trade Industrial Program of ITC, payments to VIA Rail, and the budget of the Canadian International Development Agency.

While Honourable Members will find a wealth of information and explanation on these and other changes through the various documents I have tabled today and in related press material, I would simply like to place this overall increase in the context of two factors - the economic environment in which we operate, and the effect of including in Main Estimates certain government policy initiatives of the past year.

I am sure that we are all very much aware that the Canadian economy has been passing through one of the most difficult periods since the second World War. While encouraging signs of improvement are beginning to emerge, particularly with regard to inflation and interest rates, we must be mindful that the recession has been deep and recovery will be gradual. As Members know, almost two-thirds of these budgetary Estimates are for statutory expenditures, thus of a non-discretionary nature. That is, they are based on continuing authority given by Acts of the current or previous Parliaments. These Acts determine the basis whereby individuals, businesses, provincial and other governments become entitled to receive federal funds and, in most cases, the amount of money to be paid. I would like to speak briefly about just four of these payments which are directly, and particularly strongly, affected by the current economic conditions.

First, public debt charges, which include the interest due and payable on outstanding debt as well as servicing costs and costs of issuing new debt. These costs, totalling \$18.6 billion in 1983-84, are \$1.8 billion higher than the 1982-83 Main Estimates level. This increase is attributable to the growth in total debt, partially offset by lower interest rates. A key factor in the rise in total debt is, of course, the very sharp decline in federal tax revenues as a result of the difficult economic circumstances.

Under the Established Programs Financing Act, 1977, the federal government contributes to the financing of hospital insurance, medicare, extended health care and post-secondary education. The federal contribution consists of a combination of tax transfers and cash payments, the combined value of which grows with the total value of economic activity in Canada. If the tax transfer portion grows very slowly, the federal government makes up the difference in increased direct cash payments. The depressed tax revenues which I just noted have caused a sharper rise in the cash portion of the federal payment under Established Programs Financing, which has increased \$1.1 billion, or 21 per cent, to a total of \$6.6 billion in the 1983-84 Main Estimates.

As the Minister of Finance has also noted, we cannot expect a rapid recovery in our economy and the level of unemployment is of particular concern. While the government has taken a number of measures to improve employment prospects, the unemployment outlook remains distressing. As a direct result these Main Estimates show a dramatic

increase in the government's contribution to Unemployment Insurance designed to reduce the financial burden on the unemployed. This year, \$2.9 billion has been allocated to unemployment insurance.

The final statutory payments I will mention are the federal contributions to the provinces under the Canada Assistance Plan. The federal government pays for 50 per cent of eligible provincial and municipal expenditures for assistance payments, welfare services and certain health services. We also cover one-half of the costs of child support services such as foster care and day care and a broad array of other family and social support services. During 1983-84 it is estimated the federal government will transfer \$3.1 billion to continue these programs. This increase of \$0.6 billion, or 21 per cent, over the 1982-83 Main Estimates level, is attributable in large measure to the current economic conditions.

Madam Speaker, I noted earlier that the government has taken a number of decisions in the past year not only to increase spending in existing programs to ease hardship and speed recovery, but has also implemented a number of new initiatives. Of course, since some of these initiatives were approved after the 1982-83 Main Estimates were presented to Parliament they have been funded through Supplementary Estimates in the current fiscal year. I would like to mention just three of these items which are included in Main Estimates for the first time in the 1983-84 documents I have tabled today.

With the passage of legislation in June 1982, the Petroleum Incentives Program, or PIP, became fully operational, and Supplementary Estimates (B) which I tabled last November included \$1.8 billion for this item in the current fiscal year, 1982-83. These payments are included in Main Estimates, for the first time in 1983-84, and account for \$1.2 billion of the total change from 1982-83 Main Estimates. Another new measure I might mention is the Small Business Investment Grant Program designed to assist small- and medium-sized businesses. This new program, announced in the June 1982 Budget, accounts for \$0.2 billion of the overall increase from the 1982-83 Main Estimates. The last item I will mention is the \$0.2 billion increase due to funds included in 1983-84 Main Estimates for the New Employment Expansion and Development program.

Madam Speaker, I have singled out only a few of the very large number of programs and activities described in the Blue Book. Of course, there are literally hundreds of other changes, both increases and decreases, in these Estimates and for further details I would refer Honourable Members to Parts I, II and III which I have tabled today and to the supplementary information contained in the related press material.

Madam Speaker, I would like to focus for a moment on one other element of the budgetary Main Estimates - the total operating and capital costs of all the federal departments and agencies.

The Department of National Defence has total operating and capital costs in these Estimates of \$7.8 billion, an increase of \$0.8 billion from 1982-83. This increase is in keeping with the government's commitment to NATO to sustain the increase in defence expenditures by 3 per cent annually in real terms. A significant part of the growth continues to be devoted to the re-equipment and modernization of the Canadian Forces.

The total operating and capital expenditures of all other departments and agencies is \$12.8 billion in these Main Estimates. This cost of running the government - up \$1.1 billion from 1982-83 - is increasing only about one-half as fast as total Main Estimates. This category of total spending has roughly only kept pace with inflation over the past six years, thus remaining constant in real terms, despite the growing number of new programs and increasing demands for federal government services. This year, the share of these total operating and capital costs in budgetary Main Estimates is 15 per cent.

Of course, as I mentioned earlier, this area of spending has been particularly affected this year by the government's Six and Five restraint program since operating costs are in large measure accounted for by the salaries and wages of almost a quarter of a million federal employees. As Members know, the salary and wages of our employees have been limited to 6 per cent in 1983-84 as required by the Public Sector Compensation Restraint Act. In addition, in preparing the detailed departmental budgets for non-personnel operating costs presented in these Estimates, the government has limited departments and agencies to a maximum adjustment of 6 per cent for the effects of inflation.

Of course, the total increase in operating costs is above 6 per cent, since there are additional resources required to enable the government to develop and implement new policies and programs, and to meet the increasing demands for existing program services.

In the same vein, restrictive adjustments have also been applied to annually authorized grants and contributions made to organizations outside the government. Members may wish to refer to Chapter 5 of Part I of the Estimates which provides a full description of the effects of the Six and Five program.

I would now like to discuss the growth in the Public Service, as measured by the increase in the number of person-years. Madam Speaker, the government feels that, for 1983-84, it should keep the rate of growth of the Public Service in the one per cent range, despite the calls by many for expanding government assistance. Therefore, the Treasury Board has informed departments and agencies with large person-year requirements that their 1983-84 authorized person-year level is in fact lower in total by 0.2 per cent than the levels shown in the Blue Book. However, there was not time to reflect throughout Main Estimates this decision to limit overall growth to one per cent, without significantly delaying the tabling date.

The Main Estimates documents before you indicate a 1983-84 total of 258,463 persons-years for departments and agencies whose personnel requirements are controlled by Treasury Board. This figure is 3,141 persons-years or 1.2 per cent over the 1982-83 Main Estimates. However, as I just noted, the Treasury Board has already taken steps to reduce this to one per cent overall growth. A large proportion of the overall increase reflects short-term requirements for the implementation of recent government initiatives such as the New Employment Expansion and Development program, commonly referred to by its acronym NEED.

In reviewing the largest specific year-over-year increases, pressures for the provision of greater services to the public become even more apparent. The Canada Employment and Immigration Commission has increased by over 1,400 person-years. Besides the requirement of approximately 500 for the administration of the NEED program, over 800 will be used to assist in the processing of claims for Unemployment Insurance. In the Department of Transport, an additional 250 persons-years will be used for regulatory activities related to air safety and the operations and maintenance of air navigation aids and facilities. The RCMP requires an additional 343 persons-years for law enforcement and demand driven functions such as provincial and municipal police agreements which are, of course, cost recoverable.

Madam Speaker, as President of the Treasury Board, I have set as a major priority continuing the government's policy of improving the management and efficiency of the federal government. I am well aware of the difficulties of the task. However, I believe that we can still further improve management in government and the efficiency and effectiveness of government as a whole. The consequences of the current economic situation pose difficulties for government itself as well as for Canadians generally. But it has also produced a positive effect in making us demand the best from our systems, the best from our people and the best from ourselves.

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MAJOR CHANGES IN BUDGETARY MAIN ESTIMATES
 PRINCIPALES VARIATIONS
 DU BUDGET DES DEPENSES PRINCIPAL
 1982-1983 - 1983-1984
 (\$ millions - en millions de \$)

	Main Estimates/ Budget Principal 1982-83	Main Estimates/ Budget Principal 1983-84	Change/Variation \$M	Change/Variation %
Public Debt (FIN)/Dette publique (FIN)	16,765	18,570	1,805	10.8
Government's Contribution, Unemployment Insurance/ Contribution de l'Etat, Assurance- Chômage	1,255	2,936	1,681	133.9
Petroleum Incentive Payments/ Paiements d'encouragement du secteur pétrolier	-	1,150	1,150	100.0
Established Programs Financing (NHW and S. of S.)/ Financement des programmes établis (SNBS et S.E.)	5,485	6,630	1,145	20.9
OAS-GIS-SA(NHW)/SV-SRG-AG(SNBS)	9,935	10,906	971	9.8
National Defence/Défense nationale	7,041	7,840	799	11.3
Canada Assistance Plan (NHW)/ Régime d'assistance publique du Canada (SNBS)	2,582	3,140	558	21.6
Fiscal Transfer Payments (FIN)/ Paiements de Transfert Fiscal (FIN)	4,824	5,327	503	10.4
Direct Job Creation (CEIC)/ Création directe d'emplois (CEIC)	216	584	368	170.4
CMHC/SCHL	941	1,272	331	35.2
Trade Industrial Program (ITC)/ Programme Commercial et industriel (I et C)	577	829	252	43.7
Payments to VIA Rail (DOT)/ Paiements à VIA Rail (TC)	506	755	249	49.2
CIDA/ACDI	944	1,089	145	15.4
All others/Autres	21,864	24,590	2,726	12.5
TOTAL	72,935	85,618	12,683	17.4

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NOTES FOR A SPEECH

BY

THE HON. HERB GRAY

PRESIDENT OF THE TREASURY BOARD

FOR THE

NATIONAL CONFERENCE OF THE

CANADIAN PUBLIC PERSONNEL MANAGEMENT ASSOCIATION

OTTAWA, JUNE 17, 1983



**A FOCUS ON CHANGES NEEDED TO MEET
THE CHALLENGES OF TOMORROW**

I am very pleased to have the opportunity to give the closing remarks at your annual professional development seminar; I would like to convey to you some of my thinking on matters related to personnel management in the public sector, and to express this in the light of the theme you have selected: "Taking Today into Tomorrow".

Our work environment is going through dramatic changes. One of the major factors is the explosion of new technologies and the accompanying developments that are revolutionizing the way work is being done across all sectors, including the public sector. We all know that this will accelerate in the future.

Another related factor in the changing environment of government operations is the expectation Canadians have for continual improvement in the productivity and efficiency of the public sector. In this respect, the public sector is not at all unlike the private sector -- although it goes without saying that the test of productivity and efficiency in the private sector is whether profits are maximized, while in the public sector, requirements such as public accountability and effectiveness of program delivery make these much more difficult concepts to define.

The Treasury Board, which is responsible for the overall administration of the entire Federal Public Service, is very aware of the challenges to managers that originate in our changing environment. Specifically, we must ensure that the implementation of new technology in Government means real gains in productivity. Furthermore, we must strive, with your assistance, to develop and improve the capability of all employees to perform at their highest potential and for the Public Service generally to meet the needs of the Canadian population which it serves.

Federal Government services are provided everywhere in our land. They are provided directly to Canadians from the Atlantic to the Pacific Coasts, from the border to "Le Grand Nord". And the Public Servants delivering those services are the visible extension of this often anonymous entity that is the Federal Public Service. The immediate contact with the Public Servant is the reality for the Canadian citizen. And it is there, in this first-hand experience, that Canadians expect to see the results of government policies and government management practices that reflect the nation's social, human and economic objectives.

However, as we all know, we are living in a complex world. We can strive to meet the expectations of Canadians but we must also be realistic about the pace at which the objectives can be reasonably achieved.

One of our most important objectives is to take today into tomorrow with improved productivity, in part through improved management and improved quality of working life for our employees. In this area, a number of initiatives have been introduced.

The Office of the Comptroller General, for which I am the responsible Minister, is administering a program to Improve Management Practices And Controls in departments. This program is usually known by its acronym, IMPAC.

IMPAC is a unique initiative which deals with the processes by which programs are planned and controlled so that government operations will be more economical, efficient, effective and responsive to government priorities and the public needs.

An analysis of some benefits already secured through the program discloses that:

A total of \$139,225,000 in tangible benefits have been reported by 5 departments, including \$122,600,000 in benefits recurring each year and \$16,625,000 in non-recurring benefits. This means that the total cost of IMPAC, an estimated \$250 million one-time cost over five years, is being recovered every two years as a result of tangible benefits to date alone.

In addition to the benefits already achieved, considerable scope for the future has also been identified. Deputy Ministers in 10 departments have already made commitments to attain a further \$128,792,000 in recurring benefits and \$178,548,000 in non-recurring benefits. We are confident that these commitments will be met.

Our priority now is to complete the work initially associated with IMPAC and to ensure all departments are equipped to maintain and enhance these improvements in the future.

One could expect many productivity initiatives to be linked with the development of the new Management Category. Good decisions at the political level obviously need good managers, both for the preparation of sound policy advice and in order to translate the government's decisions into action. How political decisions are turned into ongoing action has a vital bearing on what goods and services actually get delivered to their intended publics, at what quality and cost, and on what schedule. The implementation of the Management Category in 1981 brought the consolidation of senior level managers within the Public Service. It also made it possible to hold managers more accountable, to be used more effectively and developed and trained as required in order to improve the management of government programs. Therefore the creation of the management category must be seen as an important catalyst in effecting constructive change.

Another area that must continue to receive priority attention is training. Proper training is essential in ensuring that we have a well-qualified, competent and effective workforce serving the Canadian public. Also and particularly at a time of rapid technological change, efforts to improve productivity will depend greatly upon our willingness to invest in human capital. This is as true in the private sector as in the public sector.

We, in the Public Service spend more than \$200 million annually on training, and consume more than 6,000 person-years of human resource time in either giving or receiving training. Included within this large expenditure are costly, but necessary forms of specialized training such as the program for

training new officers for the Canadian Coast Guard, the training of air traffic controllers, the training of persons involved in weather forecasting, and the training of such other persons involved in providing essential services across the country.

In total, training of this sort, accounts for some 85-90% of all training dollars spent.

I want to highlight two of the Treasury Board Secretariat's current priorities when it comes to training. These are the effective management of training, and the training of managers.

With regard to the effective management of training, we have sought improvement through new and clarified policies on who should receive training, of what sort, for what reasons, how much, etc. The Treasury Board Secretariat has also implemented a new administrative structure so as to clarify management's responsibilities relative to the provision of training and the responsibility of the Public Servant who is to receive the appropriate training.

With regard to the training of managers, we are taking steps to ensure that, at all levels, they have the necessary training in management skills in addition to the specialized disciplines in which they work.

Another area in which the Government wants to be an example for Canadian employers generally is in the fair and equal treatment of all its employees. We believe that we have a responsibility to actively promote the elimination of all forms of discrimination, not only because discrimination is morally objectionable and, of course, illegal, but also because it simply is not consistent with optimizing productivity. Intentionally or unintentionally, biased employment practices deprive individual Canadians or groups of Canadians from full opportunity and represent an enormous cost not just to the organization involved, but to society as a whole in terms of lost production and underdeveloped potential.

Two of our most recent initiatives in this area are the policies adopted in 1982 on personal harassment in the workplace and the elimination of sexual stereotyping from government communications. In our policy on personal harassment, which I announced

last December, we have made it very clear that we consider harassment of an employee or Public Service client a very serious offense, which will be subject to the whole range of disciplinary sanctions, up to and including dismissal. The policy guidelines concerning sexual stereotyping, which I also announced, are designed to avoid sexual stereotyping in all forms of internal and external communications, and apply to communications planned within the federal government as well as work purchased or contracted from the private sector. At my direction, the Treasury Board Secretariat is working to develop additions to existing human rights policies such as Affirmative Action, as well as further policies on how best to deal with the introduction of new technologies in the federal workplace and their implications for the overall quality of the work environment.

In our endeavours to improve the productivity of government operations, to enhance the quality of working life of our employees and to offset any negative human and social impacts as a result of the introduction of new technologies, the employer has another important responsibility -- I refer here to our responsibility to consult extensively with employee representatives on the adjustments that are necessary in a changing environment. As you are aware, consultation has been a regular way of life for us -- and an example to others -- for nearly 40 years. Since 1944, the National Joint Council of the Public Service of Canada has served as a consultative body to promote the efficiency of the Public Service and the well-being of its employees. The NJC is responsible for consulting and making recommendations on service-wide matters such as health and safety standards, provision of allowances and accommodations in certain areas, cost-sharing of provincial health premiums, and so forth. It is a unique complement to the normal collective bargaining process that takes place between the employer and its individual bargaining agents.

With regard to collective bargaining itself, I want to emphasize that Parliament has given no authority to extend the term of the Public Sector Compensation Restraint Act, and the Government has no plans to seek such authority. It is my expectation that, at the expiration of the term of the Act set out by Parliament, collective bargaining in the Public Service will resume.

Labour-management consultation in the Public Service has produced a legacy of worthwhile accomplishments and benefits. There is every reason to believe that the parties will be well served through consultation in our joint efforts to meet the challenges of tomorrow.

In conclusion, let me emphasize three points:

- Treasury Board, as effectively the "manager" of the Federal Public Service, is committed to achieving and maintaining high standards of productivity and efficiency in the federal government's operations;
- secondly, we believe that an important factor in being good managers lies in providing our employees with the tools, the environment and the resulting basis for job satisfaction that will make their work as effective and productive as possible;
- finally, we believe strongly in the individual and collective worth of public servants who are working in a world of change to deliver important programs and services to the people of Canada.

I solicit your cooperation and assistance in our efforts to achieve our aims for the benefit of all.



President
of the Treasury Board

Président
du Conseil du Trésor

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NOTES FOR A STATEMENT
ON THE ACCESS TO INFORMATION AND PRIVACY ACTS
BY THE
HONOURABLE HERB GRAY
PRESIDENT OF THE TREASURY BOARD

JUNE 22, 1983

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On July 1 the Access to Information and Privacy Acts will be proclaimed and Canadians will have broad new rights of access to the information contained in the records of federal government institutions.

The Access to Information Act embodies certain important principles that will extend the legal rights of all Canadians. Firstly, it reflects a commitment to more open government and makes the relationship between the government and its citizens more meaningful.

Secondly, as my colleague the Minister of Justice has already indicated, the legislation is intended to guarantee certain rights of access to information to Canadians, but not to replace the numerous other channels used to obtain federal information free of charge, such as libraries, public affairs offices or regional information centres. These services will continue to operate and do not necessitate the use of the new legislation. In fact, many departments will "advertise" these existing services in the formal publications which I will describe in a few moments, and are being encouraged to ensure that their information services are made as effective as possible so that people are not forced into making formal applications where the information could more easily be provided through less formal means.

Thirdly, Parliament has decided that there are valid grounds for not releasing certain types of information, for example, information dealing with matters of national security or international trade strategies and advice to ministers. The Act spells out clearly all these exemptions and further makes the government responsible for justifying withholding information rather than making citizens demonstrate their right of access.

I wish now to discuss briefly how the government will implement this Act.

PUBLICATIONS

In cooperation with government institutions, my officials have prepared an Access Register (the book with the green cover). This Register, which can be consulted in over 700 libraries and 2,700 post offices across the country, brings together for the first time in a single publication, the types and location of information held by the federal government. It will guide Canadians through the maze of federal activities and help them identify the institution most likely to possess the information they seek. The Register, together with its supplement, describes the

responsibilities and organization of federal institutions covered by the legislation. For each institution, the Register lists the manuals used by employees in carrying out programs and activities, the classes of records under its control, and the title and address of the officer within the institution to whom requests for access should be sent. To assist the public in making these formal requests we have prepared application forms, which will also be available in libraries and post offices. The introduction to the Register gives clear instructions on how to proceed.

A similar publication called the Index To Personal Information has also been prepared as required by the Privacy Act. It is similar to the publication which was published under Part IV of the Canadian Human Rights Act. The new publication covers 142 government institutions compared to the 89 which were covered previously, and now also describes the personal information holdings which are not used for decision-making purposes.

You will notice that we have attempted to make it as easy as possible for the public to understand this complex legislation and to understand the new rights which are now established by colour coding all the material. All the material related to obtaining access to general information under the Access to Information Act (forms, brochures, Access Register) is coloured in green. All the material related to seeking access to personal information about oneself (forms, brochures, Index) is coloured in yellow.

FEES

Much thought was given to what fees should be charged for requests made under the Access to Information Act, and I believe the fee schedule finally adopted is not only responsible, but establishes a just balance between accessibility and our responsibility to the taxpayers as a whole. The balance sought is between ensuring that ordinary citizens are not deterred from making use of the Act and ensuring that the taxpayers are protected from bearing an undue share of the added cost of this initiative.

The Act grants, to the government, the authority to set fees by regulation. It should be noted that although Parliament has authorized an application fee of up to \$25, this initial fee has been set at only \$5. This entitles an applicant to five hours of search and preparation time. This entitlement is provided for directly in the law and the public will therefore be charged far less than the actual cost to the taxpayers. Many routine or straightforward

requests will probably cost the requestor nothing more than the application fee since there is no charge for reviewing records, for the use of facilities to examine records, for shipping and postage, for reviewing a record to decide whether or not it will be released, or for any overhead costs. In addition, costs which total less than \$25 will not normally be collected as it would be uneconomical to do so.

The regulations do prescribe the maximum rates which may be charged in the case of complex requests or requests for a large amount of material. Under such circumstances the guidelines which I have issued will ensure that any fees which may be charged will not exceed the actual direct additional costs to the taxpayer for providing the information requested. The details are set out in the documentation which is being distributed today.

I am also distributing a spread sheet which compares the fee schedules for Canada, the U.S. and Australia. As you will see, it confirms the point which I am making that our fee schedule compares very favourably with those used in other countries. In the United States, for example, although there is no initial fee, applicants are charged for the actual time spent working on the request. A request requiring five hours of search, which in Canada would cost \$5, would average \$40 in the U.S. -- and even more in other countries. Institutions have been asked to report on the costs they incur, so that these can eventually be reviewed by Parliament.

It is evident, therefore, that the fees are not intended to recover the full costs incurred in processing requests. They are intended, however, to ensure that the costs of administering this legislation are equitably distributed between individual applicants and the taxpayers as a whole.

Under the Act, fees can be waived by government institutions if they determine that it is in the public interest to provide the information free of charge.

PROCEDURES FOR APPLYING FOR INFORMATION

In order to make an application for information under the Access to Information Act or the Privacy Act, the legislation requires that this be done in writing. The procedure is quite simple and is described in detail on the forms which are being distributed for this purpose. For both Acts, the first step in making an application is to consult the Register or Index to determine the institution

which controls the class of records or personal information bank in which the applicant is interested. Each department or agency has provided in the Register or Index the title and address of the official within it to whom all requests should be sent. These officials, the Access and Privacy Co-ordinators, will be glad to assist anyone, at no charge, in locating precisely the records the public may wish to see and to provide information or assistance relating to the operation of the Acts.

Should a request for information be denied, people will be given additional information to assist them in making a complaint should they wish to do so.

On July 1, with the proclamation of the Access to Information and Privacy Acts, we move into a new era in the field of government information. As the minister responsible for implementing this legislation, I will take a definite and direct interest in monitoring its implementation.

I would like also to take this opportunity to thank all the officials in the Treasury Board Secretariat, the Department of Justice and all the other government institutions for the assistance they have given me and my predecessor in preparing for the proclamation of this legislation since it was approved by Parliament about a year ago. Many briefings and seminars have been held in Ottawa and regional offices to ensure that key officials in all government institutions are knowledgeable about the provisions of the legislation and their new responsibilities. In addition to this, extensive background information has been prepared to explain in layman's language some of the more important aspects of the legislation. Co-ordinators have been designated for all institutions whose records will be subject to the legislation, and administrative procedures are now in place to deal with the requests.

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President
of the Treasury Board

Président
du Conseil du Trésor

NOTES FOR AN ADDRESS

BY

THE HONOURABLE HERB GRAY

PRESIDENT OF THE TREASURY BOARD OF CANADA

TO

THE TORONTO CHAPTER

PROFESSIONAL INSTITUTE OF THE PUBLIC SERVICE OF CANADA

September 27, 1983

CHECK AGAINST DELIVERY



Canada



I am very pleased to have been invited to address the Toronto Chapter of the Professional Institute tonight. In my term as President of the Treasury Board, I have enjoyed the opportunity to meet representatives of Public Service unions formally and informally. I have been impressed with the calibre of people I have met and with what we have been able to achieve through these meetings.

Tonight I want to talk about one of the greatest challenges presently facing all of us in the federal government. That challenge is how to increase our productivity so that we can continue to meet demands for increased government services but, if possible, within existing resources or at least without substantial increases in spending.

The Public Service of Canada has earned its reputation of being one of the finest in the world. Since Canada's first days, its federal Public Service has set high standards of quality in policy development and program administration, and has contributed greatly to the development of Canadian society.

The public is likely not aware of the enormous achievements made by the members of the Professional Institute. A bargaining agent representing some 16,500 federal public servants in 26 professional occupational groups, the Professional Institute includes among its members, to name just a few categories, research scientists, pharmacists, biologists, chemists, physicians, nurses, veterinarians, computer specialists, meteorologists, psychologists, social workers and dentists -- all providing vital services to Canadians.

In these and many other capacities, members of the Professional Institute perform many vital services to Canadians. Federal research scientists and engineers are involved in ensuring the safety of Canadian aircraft and ships, and in developing some of the advanced technology for which Canada has become famous, including the space arm and Telidon. The latter is the graphics communication protocol language which makes it possible to receive and send information and graphics at home and work across telephone lines, cables, television systems and fiber-optic wires. All drugs manufactured and sold in Canada must be tested by teams of public servants including physicians, chemists, pharmacists and biologists. New strains of wheat and cereals are developed by federal scientists; federal meteorologists monitor weather for all aircraft and shipping movements.

The federal Public Service cannot rest on its excellent reputation however. Today, there are increasing pressures from the Canadian public to do more ... to deliver more services ... and to do this within existing resources. The post-war years saw a tremendous growth in the kinds and quality of services people expected government to provide. As a result, government and government employees are far more visible, more a part of the Canadian public's lives than they were in the past.

Federal government services are provided everywhere in this country. They are provided directly to Canadians from the Atlantic to the Pacific coasts, from the border to the high Arctic. And the public servants delivering those services are the visible extension of this often anonymous entity that is the federal Public Service. The immediate contact with the public servant is the reality for the Canadian citizen. And it is there, in this first-hand experience, that Canadians expect to see the results of government policies and government management practices that reflect the nation's social, human and economic objectives.

As the demand for government services swells, it is proving increasingly difficult to generate the funds needed to match that demand. We are expected to deliver more, and we want to deliver more, but we cannot expect automatically increased resources to do so. The pressures on the economy that began with the 1973 oil crisis and caused, not only in Canada but around the world, a general slow-down in the kinds of growth rates we had become used to, have brought a continuing expectation of restraint in government spending.

In these circumstances, the Canadian public has become, quite rightly, insistent on getting quality service from their governments and on achieving top value for their tax dollars. Canadians want their governments to offer at least as many services as they have become used to, but they want those services to be performed well at the least practical cost.

In many respects, the new pressures on the public sector are not unlike those on the private sector. Both face requirements to become more efficient, to increase their productivity.

But there are differences. First, in government, there is no clear-cut bottom line. In the private sector, the need to show a profit alerts managers when costs are excessive and their operations

are not performing as expected. The lack of such a nearly-automatic evaluation measure in the public sector means that more formal systems and procedures must be put in place to provide a similar evaluation of performance. Through the efforts of the Office of the Comptroller General and the Treasury Board Secretariat, the government is developing and implementing many of these kinds of procedures.

Another difference in the public sector is the requirement for multiple, highly visible forms of accountability -- that are well beyond what is required or expected of private sector firms. Additional costs must be borne in the public sector in order to ensure that accountability exists. Many of the rules and regulations by which public servants must abide are in place so that the public sector is seen to operate with probity and to be able to account fully for all expenditures under the close scrutiny of Parliament and the media.

There is also the need to deliver effective programs. It is of no use to the public or the government to have a low-unit-cost program which does not produce the desired results.

Given the complexity of the environment the federal Public Service operates in and the extensive, competing, sometimes conflicting demands placed on us, it is no easy task to improve productivity and quality of performance. But the task is "do-able". In fact, much has already been done.

The Office of the Comptroller General, for which I am the responsible Minister, is administering a program, known as IMPAC, to improve management practices and controls in departments.

IMPAC is a unique initiative which deals with the processes by which programs are planned and controlled so that government operations will be more economical, efficient, effective and responsive to government priorities and the public needs.

IMPAC has already made a significant impact on government operations. A total of \$139,225,000 in tangible benefits have been reported by five departments, including \$122,600,000 in benefits recurring each year and \$16,625,000 in non-recurring benefits. This means that the total cost of IMPAC, an estimated \$250 million one-time cost over five years, is being recovered every two years as a result of tangible benefits to date alone. In addition to these benefits already achieved, considerable scope for the future has also been identified.

The introduction of new technologies affords many opportunities for productivity improvements, provided that they are properly managed. Treasury Board has taken a number of important steps in this area.

Recently I announced establishment of a task force on informatics to deal with the management of information processing and office technology. In the federal Public Service, approximately one billion dollars is spent each year on informatic resources. The task force will work at ensuring that the introduction of new sophisticated information-processing techniques and office technology are managed effectively, that the potential productivity improvements are secured, that the human factors are adequately considered, and that Canadian industrial benefits are maximized. Members of the task force, who are all senior Public Service managers, will consult interested and affected parties, including unions, Public Service managers and private sector suppliers.

The human element is of particular concern in introducing new technology. Treasury Board has issued ergonomic guidelines to Public Service managers designed to ensure that the well-being of employees as well as the job to be done are given full consideration in installing micro-electronic equipment in the federal workplace. Ergonomics seeks to adapt the work environment to the worker. It is concerned with the interaction of people and materiel in the workplace in order to enhance human well-being and efficiency. In addition, Treasury Board has also issued a guide to Public Service managers containing information on health-related concerns associated with the use of video-display terminals.

Another very recent initiative in the area of new technology was the decision, last spring, by the National Joint Council to establish an NJC committee on office technology. This committee's terms of reference have been drafted but not yet finalized. However, we know that it will provide a continuing forum for labour/management talks on new technology.

Consultation with employees and their unions is essential in any effort to improve productivity. In the Public Service, we are fortunate to have a permanent forum for regular union/management consultation, namely the National Joint Council. I am sure all of you are aware of the importance of the NJC. I want to commend your President, Mr. Donegani, for the active role he has played in NJC matters. The NJC is responsible for consulting and making recommendations on service-wide matters such as health and safety

standards, provision of allowances and accommodation in certain areas, cost-sharing of provincial health premiums and so forth.

Earlier this year, I announced an agreement between the government and union representatives, worked out through the National Joint Council, to include 16 health and safety standards, based on Canada Labour Code regulations, in Public Service collective agreements. This gives them the same legal status as articles of a collective agreement with an accompanying legal redress procedure, including Public Service Staff Relations Board adjudication.

Employers are becoming increasingly aware that a better working environment is also a more productive one. I want to outline a number of recent initiatives designed to make the Public Service a better workplace for its employees and a more productive environment.

The Professional Institute is one of three Public Service unions participating in our Quality of Work Life -- QWL -- program. Quality of Work Life is a process whereby work is organized in a manner that enables employees to actively participate in shaping the organization's environment, methods and achievements. This process is aimed at meeting the twin goals of enhanced effectiveness of the organization and improved quality of life at work for its employees. At present, there are four QWL initiatives in the federal Public Service. I am very interested in the QWL concept and hope to see greater diffusion of the program. Treasury Board is now working with the appropriate unions on a mutually acceptable joint statement on QWL.

The government believes that it has a responsibility to actively promote the elimination of all forms of discrimination, not only because discrimination is morally objectionable and, of course, illegal, but also because it simply is not consistent with optimizing productivity.

In June, I announced that all departments of the Public Service are to undertake an affirmative action program designed to eliminate systemic as well as overt discrimination and to ensure that women, Indigenous people and handicapped persons participate and are represented equitably in the Public Service, based on their representation within the available, qualified and interested workforce. In addition, we will be investigating the representation of visible minorities within the Public Service and will develop special measures for them where necessary.

Two other initiatives in this area are the policies on personal harassment in the workplace and the elimination of sexual stereotyping from government communications. The personal harassment policy makes it clear that harassment of an employee or Public Service client is a very serious offense which will be subject to the whole range of disciplinary sanctions, up to and including dismissal. The policy guidelines on sexual stereotyping are designed to avoid sexual stereotyping in all forms of external and internal communications. They apply to communications within the federal government as well as work purchased or contracted from the private sector.

Another area of importance to a productive workforce is training. Proper training is essential in ensuring that we have a well-qualified, competent and effective workforce serving the Canadian public. We spend more than \$200 million annually on training for federal public servants, and consume more than 6,000 person-years of human resource time in either giving or receiving training. To ensure that training is effectively managed, Treasury Board has revised the staff training policy to clarify who should receive training, what sort of training, what reasons, etc. The Treasury Board Secretariat has also implemented a new administrative structure so as to clarify management's responsibilities relative to the provision of training and the responsibility of the public servant who is to receive the appropriate training.

I hope that this review of the steps being taken within the Public Service to improve productivity does not leave you with the impression that the job is done. Certainly there is more to be done. But I believe we have made a good beginning and that we will succeed in our efforts. The shared commitment of elected public servants like myself and professional public servants like yourselves can succeed in meeting the productivity challenge.

In concluding, I want to underline the critical importance of the Public Service productivity effort to the whole of Canada. Because of the size and scope of the federal public sector in Canada, government policy affecting the Public Service has both a direct and indirect impact on the wider Canadian society. Our productivity efforts will have a positive impact as we in the federal public sector combine our efforts with those in the private sector to move our country into a period of sustained economic recovery and growth.

President
of the Treasury Board

Président
du Conseil du Trésor

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ANNOUNCEMENT OF THE PUBLICATION OF
PRINCIPLES FOR THE MANAGEMENT
OF THE PUBLIC SERVICE OF CANADA

NOTES FOR AN ADDRESS
BY
THE HON. HERB GRAY
PRESIDENT OF THE TREASURY BOARD
TO A
JOINT CONFERENCE OF THE
INSTITUTE OF GENERAL MANAGEMENT,
THE FINANCIAL MANAGEMENT INSTITUTE
AND THE MANAGEMENT CONSULTING INSTITUTE

OTTAWA, OCTOBER 3, 1983



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It is a pleasure for me to address this joint conference of the Institute of General Management, the Financial Management Institute and the Management Consulting Institute. I understand that the Institute of General Management has chosen "executive issues in the '80s" as the theme for all its meetings this year. The subject I have chosen for today is very much in keeping with that theme.

My remarks will centre on government efforts to improve the quality of management in the federal Public Service. I will highlight a number of initiatives; many already familiar to you, taken by the government to achieve this goal and I will announce a new initiative which I think will be of special interest to you as professional Public Service managers.

Management in the '80s, whether in the public or private sector, poses many challenges to Canadian ingenuity and professionalism. We are in an era of slower rates of economic growth than in the past. The days of relatively easy growth in financial resources of the late '60s and early '70s are no longer with us. In all sectors in Canada, there is a heightened awareness of the need to improve productivity. Within the federal Public Service we are faced with the challenge of increasing our productivity so that we can continue to meet demands for increased government services within existing resources, if possible, or at least without substantial increases in spending. This major challenge, I believe, sets our management priorities, now and in the years ahead.

As President of the Treasury Board it is my responsibility to oversee the management of the human, material and financial resources entrusted to the federal government, with a view to ensuring that services to Canadians show value for taxpayers' dollars in terms of the economy, efficiency and effectiveness of government programs. It is an important priority of mine, as President of the Treasury Board, and of the government as a whole to strive to improve the efficiency and effectiveness of government programs. The strengthening of the quality of Public Service management is an important part of this endeavour.

In recent years, many positive changes have occurred in the policies, practices and institutions affecting management in the Public Service. Many of these changes have occurred as the government's follow-up to the reports of the Royal Commission on Financial Management and Accountability (the Lambert Commission) and the Special Committee on the Review of Personnel Management and the Merit Principle (the D'Avignon Committee). Very briefly, let me review some of the initiatives taken by the government in response to the recommendations of these

bodies.

There has been:

- the introduction of a new policy and expenditure management system (PEMS) to improve the setting of objectives and priorities and the allocation of resources;
- the appointment of a Comptroller General to serve as the government's "Chief Financial Officer". The OCG brings to departments sound management expertise. It is mandated to ensure that the supporting processes for PEMS are in place;
- the implementation of the IMPAC Program, run by the Office of the Comptroller General, to improve management practices and controls in federal departments so that government operations will be more economical, efficient, effective and responsive to government priorities and the publics' needs;
- a strengthening of the Program Evaluation function, to provide more useful information to senior executives which can be used as a basis for decision-making in allocating resources;
- the reform of the Estimates to provide better information to Parliament and to concerned publics on the expenditures of the federal government;
- installation of new systems for major project management to ensure high standards of effectiveness for government spending on large capital projects;
- the establishment of the new Management Category as an important part of the government's efforts to strengthen federal management of public resources and government programs through the development and maintenance of a strong management team; and
- strengthened training and human resource management policies in recognition that at the foundation of good management there is the selection, training and development of good people.

Today I am pleased to announce a new initiative which responds to a fundamental recommendation of the D'Avignon Report. Like the other initiatives I have just outlined, it is designed to strengthen Public Service

management. This initiative is the publication of Principles for the Management of the Public Service of Canada.

The D'Avignon Committee recommended that the government adopt a unifying philosophy of management for the Public Service to provide a nucleus of beliefs, values and attitudes on which the practice of management and management systems would be based. In making the recommendation, the D'Avignon Committee had been impressed by the effectiveness and productivity of those organizations they encountered which were operating in accordance with an articulated philosophy of management.

While the Lambert Report made no recommendations dealing directly with a management philosophy, its pervading theme of managerial accountability was one of the elements of the management philosophy envisaged by the D'Avignon Committee. This committee argued that the declaration of a clear, unambiguous corporate management philosophy was imperative and urgent. In this connection the D'Avignon report states:

"...if we are to get at the root of questions concerning efficiency and effectiveness of systems and service to the public, we must address the fundamental issue of management philosophy. Effective management can only flow from a sound philosophy. It cannot exist in a vacuum nor can it be effective if it conflicts with corporate philosophy."

In elaborating on this concept, the D'Avignon Committee developed its thoughts around three major principles which it felt should constitute the basic frame of reference:

- . firstly, recognition of the human resource as the most valuable asset, thus an insistence that management commitment to human resource management is paramount;
- . secondly, the importance of fully professional management in terms of knowledge and skills; and of performance defined in terms of results achieved, accountability and concern for the effective use of public resources; and
- . thirdly, an overriding concern for demonstrably sensitive service to the public.

While the essential thrust of this recommendation was acceptable, we concluded after consultation that other principles as well were a vital part of what must constitute the government's philosophy of management. Accordingly, the frame of reference recommended by the D'Avignon Committee

was broadened to give recognition to program and financial management and to the unique nature of the Public Service.

In my view, these considerations, taken in total, capture the positive role of the Public Service manager as a team player working with other managers to carry out government objectives.

The Principles constitute an important element of the government's management improvement strategy. They build on the Management Category initiative, setting forth desired management practices and reflecting performance standards that are set at a high, but attainable, level. We expect all managers to take full account of the Principles in their day-to-day management practices.

I want to summarize the main points found in the principles:

- . the Public Service plays an essential role in supporting government and Parliament in the development of laws and policies and in administering the resulting programs and services effectively, efficiently and economically to meet government objectives;
- . it is the first responsibility of all public servants to uphold the spirit and the letter of the laws established by Parliament and the regulations and directives made pursuant to such laws;
- . the Public Service is impartial. It is the government's administrative arm for achieving its policy and program objectives. Managers are responsible for implementing the government's policy decisions with prompt, effective and unequivocal action;
- . in administering government programs and services, public servants must respect the rights of the public being served and be sensitive and responsive to its needs and interests;
- . Public Service managers are responsible for administering the human, material and financial resources required to achieve program objectives, for managing these resources in trust and for ensuring that the public receives full value for money. Since people are the prime resource of the Public Service, they should be managed sensitively and with due regard for their individual and collective rights and dignity; and
- . managers are accountable for the quality of their

advice and for achieving policy and program objectives, within the framework of law, prevailing constraints and the limits of the authority and resources at their disposal.

The good manager knows both the distinction and the linkages between efficiency and effectiveness. In simple terms, efficiency, or keeping costs at the lowest practical level, is only an element, albeit an important element, in over-all effectiveness which ultimately means producing the desired results. Sound management in the Public Service requires tempering enthusiasm for the immediate departmental or divisional program with consideration for the over-all objectives of the government. Managers' effectiveness cannot be measured, therefore, by how hard they advocate or defend individual programs, but by how effectively their effort, as part of a team, is carried out in the context of government objectives.

In many respects, the principles are not new. Experienced Public Service managers, like yourselves, will find much that is familiar as well as support for your current management practices.

What is new is that for the first time well-established traditions and ideals that have been developed by successive generations of public servants have been formally articulated. In drafting a formal statement of management principles, the federal government is emulating the practice of a number of private sector corporations such as Dofasco and IBM which are generally considered to be very well managed and effective organizations.

In committing the Principles to writing, the government also intends to make them more visible and operative as standards for effective management and as incentives to improved performance. The Principles will be used in the mandatory training programs which all members of the Management Category must complete. The Principles will also be taken into account in the performance appraisal which must be completed each year for all members of the Management Category.

The Principles are being issued to all members of the Management Category. We are also encouraging departments to make copies available to their employees who have supervisory responsibilities although they are not members of the Management Category. In addition to this important use within the Public Service, I am certain that they will be of interest to many Canadians who want to know what they should expect of their federal Public Service.

The elaboration of the Principles was a lengthy

process. It involved consultation on a nation-wide scale with the deputy heads of both provincial and federal government departments, staff of the Privy Council Office, universities, some members of Parliament and many interested individuals. In our consultations with public servants, many expressed a need for clearly stated goals towards which they could direct their efforts.

The Public Service comprises many highly diverse activities which naturally require different managerial styles, all of which can be appropriate to the task at hand. It has been no small challenge, therefore, to develop a set of guiding principles common to the whole of the Public Service that will be neither too general nor too detailed so that they would be of the widest possible relevance.

I am confident that the publication of these Management Principles will assist in the continued development of highly motivated and capable managers who are committed to the highest ideals of public service.

I wish you every success in your professional development plans for the coming year.

NOTE: copies of the publication, Principles for the Management of the Public Service of Canada, can be obtained from the Distribution Centre, Treasury Board Secretariat, (613) 995-2855.

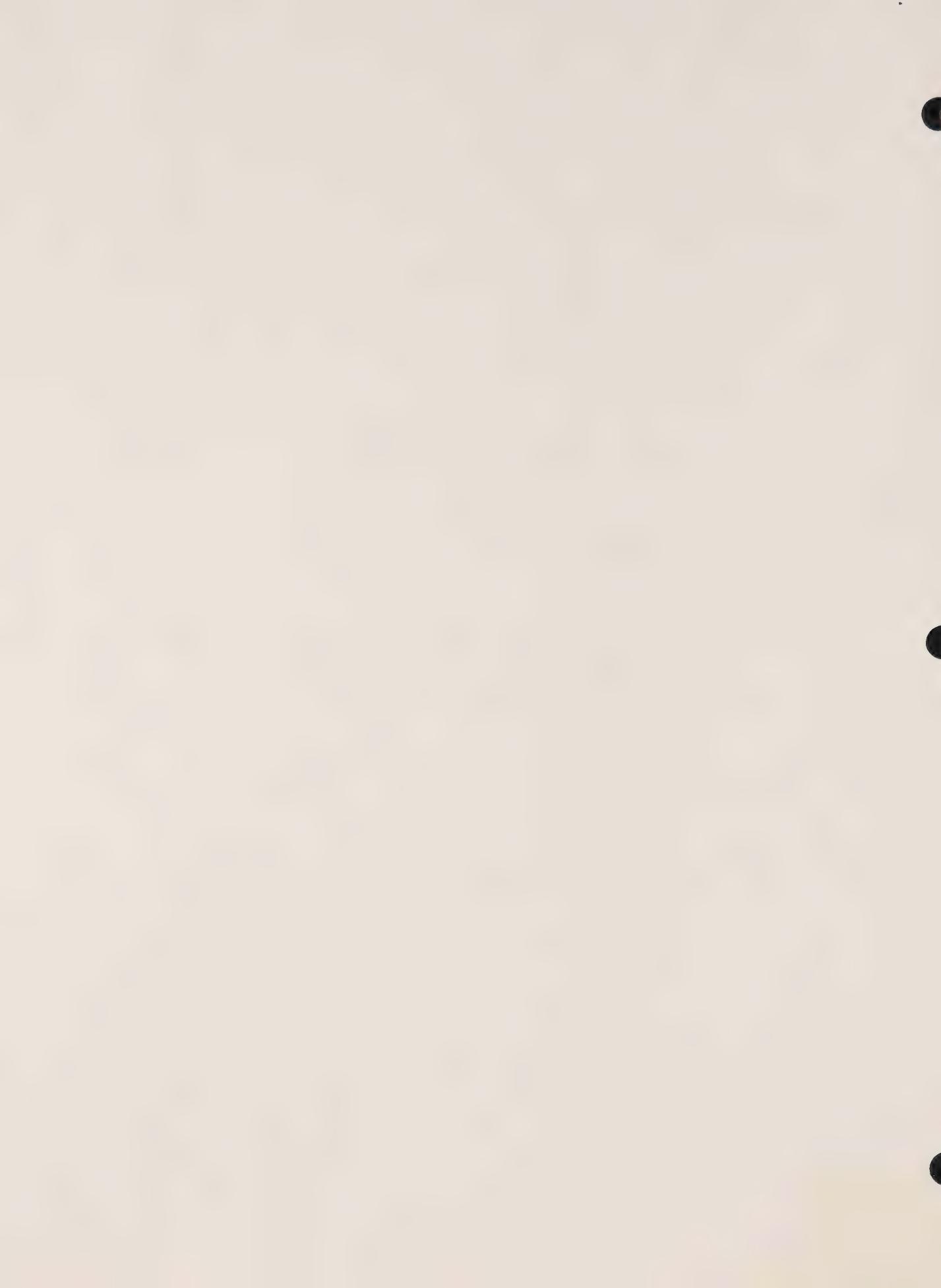
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NOTES FOR A SPEECH BY
THE HONOURABLE HERB GRAY
PRESIDENT OF THE TREASURY BOARD
ON

INITIATIVES FOR IMPROVING PRODUCTIVITY IN THE
FEDERAL PUBLIC SERVICE: A FOUR-POINT PROGRAM

TO A DINNER MEETING OF THE
FRIENDS OF SENECA ASSOCIATION
SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY
TORONTO, ONTARIO
JANUARY 31, 1984

NOT FOR RELEASE
BEFORE 8:00 P.M.
JANUARY 31, 1984.



IN THE LAST FEW YEARS, THE ISSUE OF HOW TO IMPROVE PRODUCTIVITY HAS BECOME THE SUBJECT OF INCREASING ATTENTION AND CONCERN NOT ONLY FOR BUSINESS BUT ALSO FOR GOVERNMENTS, AND FOR THE PUBLIC GENERALLY IN CANADA, THROUGHOUT NORTH AMERICA, AND IN MUCH OF THE REST OF THE INDUSTRIALIZED WORLD. INDEED, HARDLY A WEEK PASSES BY NOWADAYS WITHOUT THIS ISSUE ARISING IN SOME AREA OF PUBLIC DISCUSSION AND DEBATE. MORE OFTEN THAN NOT, THE EMPHASIS IS EITHER ON DEPLORING CANADA'S PRODUCTIVITY PERFORMANCE OR ON THE DIFFICULTIES INVOLVED IN INCREASING IT.

THERE IS A GROWING CONSENSUS IN CANADA ON THE IMPORTANCE OF IMPROVING PRODUCTIVITY AS ILLUSTRATED BY THE RECENT JOINING TOGETHER BY LEADERS OF BUSINESS AND LABOUR TO OBTAIN FEDERAL GOVERNMENT SUPPORT FOR THE ESTABLISHMENT OF THE NEW CANADIAN LABOUR MARKET AND PRODUCTIVITY CENTRE.

TO BEGIN WITH, IT IS RECOGNIZED THAT WE MUST IMPROVE OUR PRODUCTIVITY IN ORDER TO REMAIN COMPETITIVE IN INTERNATIONAL MARKETS SINCE OUR ECONOMIC WELL-BEING DEPENDS SO MUCH ON EXPORTS. OUR INDUSTRIES AND BUSINESSES FACE A SIMILAR CHALLENGE IN OUR DOMESTIC MARKETS. HOWEVER, A RECENT STUDY BY THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, THE OECD, SHOWS THAT CANADA'S PRODUCTIVITY HAS NOT KEPT PACE WITH THAT OF SOME OF OUR MAJOR TRADING PARTNERS SUCH AS THE UNITED STATES, JAPAN, AND GERMANY. ALTHOUGH WE CAN BE HEARTENED BY THE INDICATIONS OF IMPROVED

DOMESTIC PRODUCTIVITY, MORE RECENTLY REGISTERED AS PART OF THE FIRST STAGE OF ECONOMIC RECOVERY, THE CHALLENGE FOR US ALL IS WHETHER THIS TREND CAN BE MAINTAINED AND BUILT INTO OUR ONGOING INDUSTRIAL PERFORMANCE.

I BELIEVE THIS CONSENSUS ABOUT IMPROVING PRODUCTIVITY MUST ALSO APPLY TO GOVERNMENTS. WHEN EVERY CANADIAN SHARES A ROLE WITH EVERY OTHER CANADIAN IN WORKING TO MAKE OUR NATIONAL ECONOMY MORE COMPETITIVE, IT BECOMES IMPORTANT FOR GOVERNMENT TO PROVIDE LEADERSHIP IN ESTABLISHING AND MAINTAINING A HIGH STANDARD OF PERFORMANCE IN ITS OPERATIONS.

AT A FIRST GLANCE, THE IDEA OF PRODUCTIVITY SEEMS DECEPTIVELY SIMPLE. TO MOST OF YOU IN THE PRIVATE SECTOR, PRODUCTIVITY IS LINKED TO THE PROFIT BOTTOM-LINE WITH WHICH YOU RUN YOUR BUSINESSES. HOWEVER, EVEN IN THE PRIVATE SECTOR, THERE ARE MANY DEBATES ABOUT WHAT THE CONCEPT REALLY MEANS; FOR EXAMPLE, IT IS OUTPUT PER PERSON PER HOUR OR OUTPUT PER UNIT OF CAPITAL, AND SO ON? THE NOTION OF PRODUCTIVITY BECOMES EVEN MORE COMPLEX IN GOVERNMENT. BY ITS VERY NATURE, GOVERNMENT MUST PROVIDE A WIDE RANGE OF SERVICES TO ALL SEGMENTS OF THE POPULATION, ACROSS A LARGE AND VARIED COUNTRY. MANY OF THESE SERVICES ARE THOSE THAT PRIVATE INDUSTRY WILL NOT OR CANNOT PROVIDE IN WAYS THAT CANADIANS FIND SATISFACTORY.

AS A RESULT GOVERNMENTS HAVE NO OVERALL PROFIT BOTTOM-LINE, AND INDEED, NO SIMPLE BOTTOM-LINE. MANY OF OUR ACTIVITIES AND PROGRAMS DO NOT LEND THEMSELVES EASILY TO THE TYPES OF PRODUCTIVITY MEASUREMENT THAT PREVAIL IN THE PRIVATE SECTOR. CANADIANS HAVE CERTAIN COMMON GOALS AND VALUES SUCH AS NATIONAL UNITY, SOCIAL AS WELL AS REGIONAL EQUITY WHICH ARE REFLECTED IN THE LAWS PASSED BY PARLIAMENT AND WHICH WE, AS A GOVERNMENT, MUST IMPLEMENT. AND THERE IS NO EVIDENCE TO SUGGEST THAT THE PUBLIC, WHILE INTERESTED IN SEEING US IMPROVE OUR PERFORMANCE, WOULD WANT US TO DO SO AT THE EXPENSE OF THESE VALUES. GOVERNMENT MUST, THEREFORE, CONTINUE TO STRIVE TO INCREASE ITS PRODUCTIVITY WITHOUT PUTTING AT RISK FUNDAMENTAL CANADIAN VALUES AND GOALS IN THE NAME OF SOME ARBITRARY CONCEPT OF GOVERNMENT PRODUCTIVITY.

AT THIS POINT YOU MAY BE WONDERING WHAT I MEAN WHEN I REFER TO PRODUCTIVITY IN GOVERNMENT AND CLAIM THAT IMPROVING PRODUCTIVITY IS A SOMEWHAT DIFFERENT CONCEPT WHEN APPLIED TO GOVERNMENT AS OPPOSED TO BUSINESS. I BELIEVE THAT, MUCH AS IN THE PRIVATE SECTOR, PRODUCTIVITY IN GOVERNMENT INVOLVES TWO BASIC NOTIONS: EFFECTIVENESS AND EFFICIENCY. HOWEVER, IN GOVERNMENT, EFFECTIVENESS MEANS BOTH THE RANGE AND QUALITY OF SERVICES WE DELIVER, AS WELL AS THE EXTENT TO WHICH THESE SERVICES MEET THE OBJECTIVES EXPECTED OF THEM BY CANADIANS.

THE OTHER NOTION, THAT OF EFFICIENCY, REFERS TO THE WAY WE MANAGE OUR RESOURCES TO MINIMIZE THE COST OF DELIVERING OUR PROGRAMS. I WANT TO CONCENTRATE ON THIS ASPECT OF PRODUCTIVITY IN MY DISCUSSION WITH YOU THIS EVENING AND I WANT TO FOCUS ON IT SINCE WE ARE BASICALLY FACED WITH INCREASING DEMANDS FOR GOVERNMENT SERVICES, AT A TIME WHEN THEY ARE UNQUESTIONABLY NEEDED, YET WHEN OUR MEANS FOR PROVIDING THEM ARE NOT INCREASING CORRESPONDINGLY.

FIRST, I WANT TO DEAL WITH CERTAIN MISCONCEPTIONS. THERE IS A POPULAR NOTION THAT INCREASED PRODUCTIVITY IN FEDERAL GOVERNMENT OPERATIONS WILL AUTOMATICALLY REDUCE ITS DEFICIT. THE TRUTH OF THE MATTER IS THAT 75 PER CENT OR ABOUT \$68 BILLION OF THE ROUGHLY \$90 BILLION TOTAL FEDERAL SPENDING CONSISTS OF PAYMENTS THE FEDERAL GOVERNMENT MAKES TO PROVINCES, BUSINESSES, GROUPS AND INDIVIDUALS IN CANADA, AS WELL AS FOR SERVICING THE PUBLIC DEBT AND FOR EXTERNAL AID PURPOSES. THE ACTUAL COST OF DEVELOPING, ADMINISTERING AND DELIVERING THESE PROGRAMS IS ABOUT \$12 BILLION FOR ALL DEPARTMENTS AND AGENCIES, EXCLUDING \$8 BILLION FOR NATIONAL DEFENCE, AND \$2 BILLION FOR CAPITAL PROJECTS. OF THIS \$12 BILLION, ABOUT \$8 BILLION, OR LESS THAN 10 PER CENT OF THE TOTAL BUDGET, IS FOR WAGES, SALARIES AND BENEFITS. AS THE AUDITOR GENERAL HIMSELF POINTED OUT LAST WEEK, AND I QUOTE:

"EVEN A SIGNIFICANT CHANGE IN THE SIZE OF THE PUBLIC SERVICE CAN HAVE ONLY A LIMITED EFFECT ON TOTAL GOVERNMENT EXPENDITURES AND EVEN LESS ON THE SIZE OF THE DEFICIT."

ACTUALLY, THE FACTORS WHICH MOST INFLUENCE GOVERNMENT DEFICITS HAVE LITTLE TO DO WITH GREATER OR LESSER PRODUCTIVITY IN GOVERNMENT OPERATIONS AS SUCH. WHAT MAINLY AFFECTS DEFICITS ARE SUCH CONSIDERATIONS AS: THE RATE OF SAVINGS, THE ECONOMY AT ANY GIVEN POINT OF THE BUSINESS CYCLE, AS WELL AS OUR TAXATION SPENDING AND MONETARY POLICIES. HAVING SAID THIS, I BELIEVE WE STILL MUST RESPOND TO THE CHALLENGE OF GETTING THE BEST VALUE FOR THE MONEY WE SPEND ON RUNNING OUR PROGRAMS.

ANOTHER MISCONCEPTION IS THAT PRODUCTIVITY IMPROVEMENTS CAN SUBSTANTIALLY REDUCE GOVERNMENTS' ROLE IN THE NATIONAL ECONOMY. THE EVIDENCE DOES NOT BACK THIS UP. IF WE LOOK AT GERMANY AND THE U.K. WHERE MAJOR EFFORTS HAVE BEEN MADE IN THE AREA OF PUBLIC SECTOR PRODUCTIVITY, THE GOVERNMENT SHARE OF THE NATIONAL ECONOMY HAS REMAINED ESSENTIALLY THE SAME. IN FACT, FOR THESE TWO COUNTRIES IT IS HIGHER THAN IN CANADA: IN GERMANY IT IS ALMOST 48 PER CENT, IN THE U.K. IT IS 46 PER CENT, COMPARED WITH 43 PER CENT FOR ALL LEVELS OF GOVERNMENT COMBINED IN CANADA. THE FEDERAL PORTION OF THAT 43 PER CENT IS SLIGHTLY MORE THAN ONE HALF, OF WHICH, INCIDENTALLY, A VERY SUBSTANTIAL PROPORTION GOES TO OTHER

LEVELS OF GOVERNMENT AND TO THE PRIVATE SECTOR. IF WE INCREASE EFFICIENCIES IN THE \$12 BILLION SPENT ON ONGOING OPERATIONS, STILL THAT SUM REPRESENTS ONLY A RELATIVELY SMALL PORTION OF THE GNP. THEREFORE, IT IS EVIDENT THAT THE POTENTIAL IMPACT OF EVEN MAJOR EFFICIENCY IMPROVEMENTS WILL NOT HAVE A LARGE EFFECT ON THE FEDERAL GOVERNMENT'S SHARE OF THE GNP. HOWEVER, AS I HAVE JUST SAID, IT IS STILL IMPORTANT ENOUGH TO TRY TO MAKE SURE THAT WE CAN PROVIDE MORE OR BETTER SERVICES WITH THE RESOURCES WE HAVE.

THE THIRD PREVAILING MISCONCEPTION IS THAT WE, IN THE FEDERAL GOVERNMENT, HAVE ONLY JUST DISCOVERED PRODUCTIVITY, AND THAT WE HAVE NOT DEVOTED MUCH ATTENTION TO IMPROVING THE GOVERNMENT'S PERFORMANCE UNTIL NOW. THE RECORD SHOWS OTHERWISE.

WE OBVIOUSLY MUST HAVE INCREASED PRODUCTIVITY IN THE LAST FEW YEARS WHEN ONE CONSIDERS THAT THE SIZE OF THE FEDERAL PUBLIC SERVICE IS NOW AT THE SAME LEVEL AS IT WAS IN 1975-76, DESPITE THE FACT THAT PRESSURES FOR GOVERNMENT SERVICES HAVE NOT DIMINISHED IN THE PAST DECADE. IN OTHER WORDS, THE SAME NUMBER OF PUBLIC SERVANTS ARE TODAY HANDLING A MUCH LARGER VOLUME OF WORK. BY THE WAY, OUR OVERALL PERSONNEL STRENGTH HAS STEADILY DECREASED FROM 2.6 PER CENT OF THE LABOUR FORCE IN 1976, TO 2.1 PER CENT.

MORE SPECIFICALLY, WE HAVE TACKLED GOVERNMENT PRODUCTIVITY FROM THE PERSPECTIVES OF BOTH EFFECTIVENESS AND EFFICIENCY. IN ADDRESSING EFFECTIVENESS, WE HAVE PUT IN PLACE THE POLICY AND EXPENDITURE MANAGEMENT SYSTEM, COMMONLY KNOWN AS THE "ENVELOPE SYSTEM". THIS SYSTEM HELPS MINISTERS RE-PRIORIZE AND STREAMLINE FEDERAL ACTIVITIES AND THUS CONTROL SPENDING IN WAYS THAT MEET THE DEMANDS ON GOVERNMENT THAT ARE POSED BY CHANGING CIRCUMSTANCES. AS AN EXAMPLE, I WOULD LIKE TO REFER TO THE DECISION TAKEN BY THE GOVERNMENT IN THE FALL OF 1982 TO REALLOCATE \$1.1 BILLION FROM EXISTING PROGRAMS TO NEW ONES PRIMARILY TO STIMULATE JOB-CREATION AND REDUCE UNACCEPTABLY HIGH LEVELS OF UNEMPLOYMENT. THIS REALLOCATION DID NOT REFLECT A JUDGMENT THAT THIS MONEY WAS BEING WASTED WHERE IT WAS USED BEFORE, BUT RATHER, IT WAS A JUDGMENT OF DIFFERENT PRIORITIES. BUT MY POINT HERE IS THAT WHEN A DECISION WAS MADE TO TRANSFER GOVERNMENT SUPPORT TO WHERE IT WAS MOST NEEDED AT THE TIME, WE HAD A SYSTEM IN PLACE TO HELP US DO THIS.

AS A COMPLEMENT TO THE "ENVELOPE SYSTEM", TREASURY BOARD HAS INTRODUCED AND IS OPERATING THE MULTI-YEAR OPERATIONAL PLANNING SYSTEM. IT HAS TWO KEY UNDERLYING IDEAS. THE FIRST IS BUDGETING FOR RESULTS IN ORDER TO FACILITATE PRACTICAL BUT SYSTEMATIC BUDGETARY ANALYSIS WHICH IS BASED ON CONCRETE PROGRAM OUTPUTS AND INPUTS. THE SECOND, BUDGETING FOR BETTER MANAGEMENT, AIMS AT PROVIDING A CLEAR

UNDERSTANDING BY FEDERAL GOVERNMENT MANAGERS OF THEIR RESPONSIBILITIES AND HOW THESE TRANSLATE INTO BUDGETARY REQUIREMENTS.

ON THE OPERATIONAL SIDE, IN RESPONSE TO THE LAMBERT COMMISSION AND THE RECOMMENDATIONS OF THE AUDITOR GENERAL, WE ESTABLISHED THE OFFICE OF THE COMPTROLLER GENERAL IN 1978. SHORTLY THEREAFTER, THE OFFICE LAUNCHED A PROGRAM CALLED IMPAC IN ORDER TO REVIEW AND IMPROVE MANAGEMENT PRACTICES AND CONTROL THROUGHOUT GOVERNMENT. THIS PROGRAM HAS IDENTIFIED A TOTAL OF MORE THAN \$250 MILLION IN ANNUAL RECURRING BENEFITS, OF WHICH MORE THAN \$122 MILLION REPRESENTS SAVINGS ALREADY BEING ACHIEVED ANNUALLY.

THE ESTABLISHMENT OF PERFORMANCE INDICATORS, WHERE THIS IS BOTH APPROPRIATE AND FEASIBLE, IS AN IMPORTANT EARLY STEP IN SEEKING GREATER EFFICIENCIES. ACCORDINGLY, A NUMBER OF DEPARTMENTS HAVE BEGUN TO DEVELOP PERFORMANCE MEASURES WHICH RELATE TO THEIR PROGRAM ACTIVITIES MANY OF WHICH ARE NOW BEING PROVIDED IN THE NEW PART III'S OF THE GOVERNMENT'S ESTIMATES THAT ARE TABLED ANNUALLY IN PARLIAMENT. WE ARE ALSO EXTENDING AND UPGRADING OUR SYSTEM OF PROGRAM EVALUATION.

FURTHERMORE, AS PART OF OUR ONGOING EFFORTS, LAST AUGUST WE ESTABLISHED A TASK FORCE TO DEVELOP WAYS OF IMPROVING THE MANAGEMENT OF OUR "INFORMATICS" RESOURCES. IN CONSULTATION

WITH REPRESENTATIVES OF OUR EMPLOYEES, THE TASK FORCE IS EXAMINING THE POTENTIAL OF OUR INFORMATION HANDLING, DATA PROCESSING AND RELATED OFFICE SYSTEMS AND DEVELOPING CONCRETE RECOMMENDATIONS FOR INCREASING THEIR CONTRIBUTION TO OUR EFFICIENCY. THE TASK FORCE IS ALSO ADDRESSING THE HUMAN FACTORS INVOLVED IN TECHNOLOGICAL CHANGE WITHIN GOVERNMENT.

I HAVE OUTLINED FOR YOU SOME OF THE THINGS WE HAVE BEEN DOING, BUT WHAT ABOUT THE FUTURE? WE ARE MOVING IN FOUR PRINCIPAL WAYS TO FURTHER IMPROVE PRODUCTIVITY IN THE FEDERAL PUBLIC SECTOR:

- STEPS ARE BEING TAKEN NOW TO WORK WITH DEPARTMENTS WHICH HAVE MAJOR OPERATIONAL RESPONSIBILITIES AND WITH SOME CROWN CORPORATIONS TO DEVELOP AND IMPLEMENT A NUMBER OF PILOT PROJECTS. THESE PROJECTS ARE BEING DESIGNED TO FIND WAYS OF SIGNIFICANTLY IMPROVING OPERATIONAL EFFICIENCIES. IN DOING THIS, WE WILL OF COURSE BE CONSULTING WITH EMPLOYEE REPRESENTATIVES. THIS CARRIES FORWARD A SPECIFIC COMMITMENT IN THE RECENT SPEECH FROM THE THRONE.
- WE ARE ALSO EXAMINING CENTRAL MANAGEMENT POLICIES AND PROCEDURES TO DETERMINE HOW THEY MIGHT BE MADE MORE EFFICIENT, WITHOUT DIMINISHING THE NEED FOR PROBITY AND ACCOUNTABILITY IN THE USE OF PUBLIC FUNDS.

- WE ARE , AS WELL, REVIEWING THE WAYS FEDERAL STATUTES AND REGULATIONS WHICH AFFECT THE PUBLIC ARE IMPLEMENTED IN ORDER TO TRY TO REDUCE "RED TAPE" AND THEREBY IMPROVE EFFICIENCY. YOU WILL UNDERSTAND THAT IN DOING SO, THERE ARE CERTAIN RISKS INVOLVED WHICH ARE SIMILAR TO THOSE EXPERIENCED BY THE PRIVATE SECTOR. FOR EXAMPLE, THE NORTH AMERICAN AUTO INDUSTRY FOUND OUT, TO ITS DISMAY, WHAT HAPPENED WHEN IT DID NOT PAY SUFFICIENT ATTENTION TO ADEQUATE QUALITY CONTROLS. THIS IS THE TYPE OF PROBLEM WE MUST BEAR IN MIND IN REVIEWING THESE STATUTES AND REGULATIONS SINCE THERE ARE OBVIOUS IMPLICATIONS, NOT ONLY FROM THE POINT OF VIEW OF INCREASING EFFICIENCY, BUT ALSO IN TERMS OF OUR ROLE AS A GOVERNMENT IN SAFEGUARDING THE PUBLIC INTEREST.
- FINALLY, WE ARE LOOKING AT THE WORKING ENVIRONMENT WITHIN GOVERNMENT TO SEE HOW IT MIGHT BE CHANGED SO THAT IT CAN CONTRIBUTE TO OUR PRODUCTIVITY IMPROVEMENT GOALS. AFTER ALL, OUR MAIN ASSET IN GOVERNMENT IS PEOPLE, NOT MACHINES OR SYSTEMS. IT IS THEREFORE CRUCIAL TO LOOK AT THE QUALITY OF WORKLIFE INCLUDING NEW WAYS FOR FURTHER MOTIVATING PUBLIC SERVANTS TOWARD INCREASED PRODUCTIVITY. OF THE MANY LESSONS TO BE LEARNED FROM THE EXPERIENCE OF PRIVATE SECTOR AND GOVERNMENT IN DEALING WITH PRODUCTIVITY IN RECENT

YEARS, ONE OF THE MOST IMPORTANT IS THE NEED TO FIND WAYS OF DRAWING ON THE KNOWLEDGE AND SKILLS OF LINE MANAGERS AND EMPLOYEES WHO CAN OBVIOUSLY MAKE A CONTRIBUTION TO HOW THINGS MIGHT BE IMPROVED IN THEIR AREAS OF WORK. OBVIOUSLY THIS ALSO CALLS FOR CONSULTATION WITH EMPLOYEE REPRESENTATIVES. IN LOOKING AT INCENTIVES, THE CHALLENGE IS TO DO SO WHILE BEARING IN MIND CURRENT BUDGETARY CONSTRAINTS. OF COURSE, I SHOULD NOT HAVE TO POINT OUT THAT MANY FEDERAL MANAGERS HAVE ALREADY BEEN WORKING UNDER SUCH CONSTRAINTS FOR SOME YEARS.

I SHOULD POINT OUT, RIGHT FROM THE START, THAT IN UNDERTAKING THESE INITIATIVES, WE DO NOT PROPOSE DEVISING ADDITIONAL AND COMPLICATED CONTROLS. WE MUST ALSO REMEMBER THAT SIGNIFICANT PRODUCTIVITY IMPROVEMENTS CANNOT BE ACHIEVED OVERNIGHT. THERE IS NO "QUICK FIX" SOLUTION. BECAUSE OF THE COMPLEXITIES INVOLVED, THE APPROACHES TO MORE EFFICIENT GOVERNMENT MUST NECESSARILY BE DIVERSE, AND RESULTS WILL TAKE TIME.

THERE ARE THOSE WHO BELIEVE THAT PRIVATE SECTOR EFFICIENCY TECHNIQUES CAN BE READILY APPLIED TO PUBLIC SECTOR MANAGEMENT. THIS MAY BE TRUE IN CERTAIN INSTANCES, BUT DEFINITELY NOT IN OTHERS. WHILE I BELIEVE THERE IS A TENDENCY TO OVERDRAMATIZE DIFFERENCES BETWEEN HOW GOVERNMENT AND BUSINESS OPERATE,

THERE ARE, NEVERTHELESS, REAL DISTINCTIONS WHICH PREVENT MANY MANAGEMENT TECHNIQUES FROM BEING SIMPLY TRANSPLANTED FROM THE PRIVATE SECTOR. AS THE AUDITOR GENERAL HAS SO CLEARLY STATED IN THIS CONNECTION:

"IF THE PROBLEM WERE THAT SIMPLE, WE COULD HAVE SOLVED IT A LONG TIME AGO."

AND AS HE HAS ALSO SAID:

"THERE ARE NO VILLAINS, AND NO MAGICAL SOLUTIONS."

THE FACT OF THE MATTER IS THAT THERE IS NO PRIVATE COMPANY IN CANADA WHICH IS CONFRONTED WITH THE RANGE OF DECISIONS AND RESPONSIBILITIES FACING THE FEDERAL GOVERNMENT. THEREFORE, IN DEVELOPING AND APPLYING PERFORMANCE INDICATORS IN GOVERNMENT, WE WILL HAVE TO ENSURE THAT THEY ARE BOTH MEANINGFUL AND USEFUL IN TERMS OF WHAT THE CANADIAN PEOPLE EXPECT OF US. FOR EXAMPLE, IT IS NOT ONLY HOW MANY CHEQUES WE PROCESS IN AN HOUR OR IN A WEEK, BUT IT IS ALSO WHETHER PEOPLE GET THEM WHEN THEY SHOULD. BY THE SAME TOKEN, I AM SURE YOU WILL AGREE, IT IS NOT HOW MANY FILES THE DEPARTMENT OF NATIONAL REVENUE CAN PROCESS IN A GIVEN TIME PERIOD, BUT WHETHER EACH CASE HAS BEEN DEALT WITH EQUITABLY.

NATURALLY, THE PROBLEM OF HOW TO COMBINE QUANTITY AND QUALITY ALSO EXISTS IN THE BUSINESS WORLD: IT IS NOT JUST HOW MANY CARS CAN BE PRODUCED PER HOUR, BUT RATHER HOW MANY HIGH QUALITY ONES CAN BE MADE AND SOLD TO SATISFIED CUSTOMERS. BUT FOR A NATIONAL GOVERNMENT, THIS PROBLEM GOES WELL BEYOND THE CONVENTIONAL COST-BENEFIT EQUATION. IN MY VIEW, PRODUCTIVITY IN GOVERNMENT, HOWEVER DEFINED, MUST BE CONSISTENT WITH THE MANDATES AND RESPONSIBILITIES EXPECTED OF IT BY THE POPULATION IT SERVES.

IF WE ARE TO MAINTAIN GOVERNMENT WITH A HUMAN FACE, WHICH I BELIEVE IS A UNIQUE FEATURE OF OUR CANADIAN WAY OF LIFE, WE MUST ULTIMATELY BE CONCERNED WITH MAINTAINING THE FUNDAMENTAL VALUES OF SOCIAL EQUITY WHICH HAVE TAKEN YEARS TO SET IN PLACE. I DOUBT THAT MANY CANADIANS WOULD AGREE TO DOING LESS FOR THOSE WHO ARE ALREADY VULNERABLE IN OUR SOCIETY IN THE NAME OF EFFICIENCY ALONE. WE MUST BE CAREFUL TO AVOID THE TEMPTATION OF ATTRACTIVE SHORT-TERM GAINS WHICH COULD LEAD TO LONG-TERM PAIN AND EVEN HIGHER COSTS IN THE FUTURE.

BOTH GOVERNMENT AND BUSINESS HAVE, OR SHOULD HAVE, A COMMON GOAL OF IMPROVING PRODUCTIVITY IN WAYS THAT ARE RELEVANT TO THEIR RESPECTIVE OPERATIONS. IT IS CLEAR THAT IF WE WANT TO MAINTAIN THE MOMENTUM OF OUR ECONOMIC RECOVERY, INCREASED PRODUCTIVITY MUST BE ONE OF THE FOREMOST CONCERNS OF ALL

SECTORS - BUSINESS, LABOUR AND GOVERNMENT, AND WHEN REFERRING TO GOVERNMENT, I MEAN ALL LEVELS OF GOVERNMENT. FOR OUR PART, I HOPE I HAVE MADE CLEAR THAT THE FEDERAL GOVERNMENT IS COMMITTED TO CONTINUE TO IMPROVE ITS OVERALL PRODUCTIVITY THROUGH THE KINDS OF INITIATIVES I HAVE JUST OUTLINED.

INCREASED PRODUCTIVITY GOES HAND IN HAND WITH BETTER COMPETITIVENESS. THE ULTIMATE RESULT WILL BE AN EXPANDED ECONOMY AND MORE JOBS FOR CANADIANS; IN OTHER WORDS, A BETTER LIFE FOR US ALL.

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President
of the Treasury Board

Président
du Conseil du Trésor

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NOTES FOR A STATEMENT
BY
THE HONOURABLE HERB GRAY
PRESIDENT OF THE TREASURY BOARD
ON TABLING OF THE 1984-85 MAIN ESTIMATES
IN THE HOUSE OF COMMONS
FEBRUARY 21, 1984



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The documents that I have just tabled provide the details of this government's Expenditure Plan for 1984-85. Last Wednesday, my colleague, the Minister of Finance, presented in his Budget the basic outlines of an updated Expenditure Plan for the next years through to 1987-88. The documents tabled today elaborate on this overall plan for 1984-85 and on the policies, programs and activities underlying it. In particular, Part II and the Part III documents, which together are generally known as the Main Estimates, provide detailed information on a major portion of the Plan--that portion for which we now are seeking authorization from Parliament. Along with the Budget just presented, the documents will provide a framework for conducting the business of government during the next year. The detailed plans in the Main Estimates for which we are seeking parliamentary authorization are the result of the government's intensive review of departmental programs over the last few months. They take into account the assumptions about economic conditions that were presented by my colleague last week.

Before touching on some of the highlights of our detailed expenditure plans for next year, I would like to comment briefly on the documents themselves, which are presented again this year as a group of volumes: Part I, the Government Expenditure Plan itself; Part II, the Main Estimates proper or Blue Book; and Part III, departmental expenditure plans.

In its fourth annual edition, Part I is becoming firmly established in parliamentary tradition, providing us with an overview of federal government spending. It deals with the broad policy areas to which resources will be allocated by the government, and is aimed at facilitating an overall understanding of government expenditures. While the focus of this overview is on 1984-85, information is provided on the full, multi-year Expenditure Plan through to 1987-88 presented in last week's Budget. This represents a return to the practice of previous years from the single-year focus of last year's Part I, which was in that form because it was presented before the Budget of April 1983 that contained this multi-year information.

Part II, the Blue Book, supports the items that are expected to be included in the appropriation Act for the Main Estimates. The Blue Book will be revised next year and its presentation much improved. The Blue Book will also be less voluminous, since it will no longer be necessary to duplicate information to be provided in Part III, the expenditure plans by program.

I have tabled, on behalf of my colleagues, 65 volumes of Part III for 1984-85--adding 18 new plans to the 47 tabled last year. Next year, Part III will be complete,

as program expenditure plans will be available for all departments and agencies. These documents are prepared by individual departments and agencies, with guidance from the Office of the Comptroller General. They contain a wealth of information on government programs; most importantly, they outline what the government expects to achieve with the money it plans to spend once the Estimates are approved.

Part III is intended for Members of Parliament interested in specific areas, departments or agencies, primarily those Members on Standing Committees whose task it is to examine the Estimates.

Since individual members will likely be interested in some detailed program expenditure plans but not others, we are not automatically distributing all Part III volumes to all Members. A list of these volumes is included with the Blue Book so that members can indicate their choices and obtain the documents from the Parliamentary Distribution Centre.

Mr. Speaker, I now would like to comment on the details of the government's Expenditure Plan contained in the documents just tabled. Members will of course be familiar with the basic outlines of the updated multi-year Expenditure Plan set out in Part I, since they were presented to Parliament only last week by my colleague, the Minister of Finance. They will recall that he forecast, for 1984-85, planned total outlays of \$98.2 billion, an increase of 8.3 per cent over his revised forecast of \$90.6 billion for 1983-84. I would draw the attention of the House, Mr. Speaker, to the fact that this is the lowest rate of growth of total outlays in six years. I would also note that the Minister of Finance has projected, in his Budget, even lower rates of growth for total outlays for the next three years. These lower rates of growth reflect both our current economic recovery, which is removing pressures from some of our major income support programs, and more optimistic forecasts for inflation.

Within our total outlays--total planned expenditures--of \$98.2 billion for 1984-85, we are at this time seeking authorization from Parliament to spend amounts totalling \$96.5 billion, which are detailed in the Main Estimates, that is to say the Blue Book and the Part III documents. This total is 10.4 per cent higher than the 1983-84 Main Estimates total. This represents a substantial decrease compared to last year's 17.9 per cent increase over 1982-83 Main Estimates.

Beyond the expenditure total for which details are provided in the Main Estimates, our overall Expenditure Plan also includes \$3.1 billion in reserves which are allocated across various policy sectors or envelopes, and a special

reserve of \$800 million to cover any necessary adjustments to current forecasts for statutory programs. The envelope reserves serve two purposes. The first is to cover the costs of planned initiatives that have not been included in the Main Estimates, that is to say the increases to the Youth Opportunity Fund and the Guaranteed Income Supplement for single pensioners announced in the Budget, as well as other initiatives on which final decisions have not yet been taken by Cabinet. The second is to cover cost adjustments to existing programs that could not be anticipated at the time the Main Estimates were being prepared. In either instance, parliamentary approval will, of course, be sought through Supplementary Estimates or other legislation.

Our planned total outlays of \$98.2 billion are exclusive of two items which total \$2.2 billion. The first of these is to account for forecast repayments on loans issued in previous years. The second is an adjustment to account for the fact that some authorized expenditures will not be made, since departments and agencies not only cannot legally spend more money than Parliament authorizes, but in fact always spend less.

Mr. Speaker, I now would like to direct the attention of the House again to the \$96.5 billion in expenditures provided for in the Main Estimates. I would first note that \$2 billion of this total is for loans and investments. Of the remaining amount, eight items account for two-thirds of the \$8.9 billion increase over 1983-84 Main Estimates:

- National Defence expenditures are up \$927 million to meet Canada's commitment to NATO to increase the real growth of defence expenditures by 3 per cent annually. A large part of these funds will be devoted to the re-equipment and modernization of the Canadian Forces, including the CF-18 fighter aircraft and Canadian-built patrol frigate programs. These activities will also provide stimulus to key sectors of the Canadian economy.
- Transfers to the provinces under the Established Programs Financing arrangements to support the financing of health care and post-secondary education are up by \$886 million compared to last year's Main Estimates. Of course, apart from, and not included in last year's Main Estimates, are the special payments of more than \$500 million announced by the government in December, resulting from revisions to the national income and expenditure accounts by Statistics Canada.
- Transfers to the provinces under the Canada Assistance Plan are up by \$556 million.

- Payments under the Petroleum Incentive Program, made primarily to Canadian oil companies to support oil and gas exploration and development, show an increase of \$450 million. Payments under this program contribute to the overall level of economic activity, particularly in the natural resource sector.
- Old Age Security payments, Guaranteed Income Supplements and Spouse's Allowances are up by a total of \$430 million. In addition to this amount, more funds will be required as a result of the announcement in last week's Budget of the substantial increase in the Guaranteed Income Supplement for single pensioners. Parliament will be asked to approve this increase through legislation soon to be introduced by the Minister of National Health and Welfare.
- Transfers to the provinces, primarily in the form of equalization payments, are up by \$339 million.
- Two payments to Canada Post, one for \$350 million pursuant to the Canada Post Corporation Act to cover operating requirements, and one for \$170 million to provide for capital costs associated with mailing of certain Canadian publications, are included in this year's Main Estimates. These payments have, until now, been presented in Supplementary Estimates.
- Public Debt Charges account for \$1.8 billion of the increase. This increase will result from higher debt levels that are partially offset by lower average interest rates on the outstanding debt. As my colleague, the Minister of Finance, pointed out last week, the deficits leading to higher debt levels have come from additional expenditures to assist individual Canadians and to promote job creation, and economic activity generally, through the difficult period of the recession and the beginning stages of recovery. With recovery well under way and investment activity on the increase, he reiterated the government's commitment last week to bring the deficit down in a phased manner that does not damage our economic prospects.

Mr. Speaker, I would remind Honourable Members that the Estimates documents and related press material contain a wealth of information on these and many other changes. Therefore, I now would like to describe how the continuing economic recovery, and this government's initiatives in support of that recovery, have very profoundly affected today's Main Estimates and the government's Expenditure Plan. Having already commented on the role played by the deficit in the recovery, I will deal briefly with four areas in particular: Special Recovery Capital Projects, Unemployment Insurance, Established Programs Financing, and the Guaranteed Income Supplement.

I mentioned earlier that eight items account for two-thirds of the year-over-year increase in budgetary Main Estimates. Of the remaining \$3 billion increase this year, about one-third is for Special Recovery Capital Projects aimed at accelerating federal spending on economic infrastructure projects to facilitate Canada's economic recovery. These are part of the Special Recovery Program announced in the April 1983 Budget, and which my colleague pointed to again last week as a key link in the government's efforts towards establishing partnership in the creation of jobs through a healthy and growing economy. Excluding National Defence spending and expenditures on these Special Recovery Capital Projects, the operating and capital expenditures of departments and agencies are increasing in the order of only 7 per cent.

Last year, as we were just beginning to recover from the recession, we faced a very sharp increase in the government's contribution to unemployment insurance. I am pleased to note that, based on economic forecasts, this year's Main Estimates figure of \$2.7 billion is \$227 million less than last year's forecast figure, a reflection of our improving economic circumstances, and of improvements in the level of employment in particular.

Under the Established Programs Financing arrangements, the federal government defrays approximately half of the cost of financing hospital insurance and medicare, and slightly more than half of the cost of financing post-secondary education. This contribution takes the form of cash payments to the provinces and of the value of the potential to exact taxes which was turned over to them by the federal government. An increase in the value of this tax portion is automatically offset by a decrease in the federal government's cash contributions under the formula set out in the Act. The total to which they are entitled for 1984-85 is expected now to increase by 8.4 per cent over the current forecast for 1983-84, exclusive of adjustments for prior years. However, the value of the tax portion is expected to increase by more than 13 per cent, so that the cash portion need only grow by 4 per cent. This is indeed a welcome sign of increasing economic health, Mr. Speaker, and is a direct analogue of the healthier growth in budgetary revenues indicated in the Fiscal Plan tabled last week by my colleague the Minister of Finance.

I also wish to review briefly forecast expenditures under major income support programs for the elderly, as reflected in the Main Estimates. Old Age Security payments are made to all Canadians over the age of 65. The Guaranteed Income Supplement is paid to those Canadians receiving Old Age Security who qualify on the basis of an income test. These payments are normally indexed to the growth in the Consumer Price Index. Under

our 6 & 5 program, however, the indexation of Old Age Security payments was limited to 6 per cent in 1983 and 5 per cent in 1984.

This limitation did not apply to the Guaranteed Income Supplement, which indeed not only continued to be fully indexed but was modified to compensate its recipients should there be any loss of income resulting from the limit placed on the indexation of Old Age Security. Last year's forecast of expenditures for the Guaranteed Income Supplement assumed indexation rates in excess of the 6 & 5 limits and also included a provision to offset the capping of indexation for eligible Old Age Security recipients.

We are very pleased that the assumptions about inflation turned out to be higher than the rates actually achieved through the efforts of all of us working together to reduce inflation. This means, of course, that all the funds set aside for the reasons I have just explained were not needed, but more importantly it illustrates in a tangible way the success we have had in reducing inflation through our cooperative efforts. These factors also explain why the 1984-85 Main Estimates forecast of expenditures for the Guaranteed Income Supplement is actually lower than the 1983-84 Main Estimates forecast.

I would also note that for the first time in many years, expenditures related to major transfer programs like unemployment insurance are growing more slowly than total spending this year. Again, this is largely due to improving economic conditions.

Mr. Speaker, before closing my remarks, I would like to devote some attention to the size of the Public Service, as measured by the number of person-years under the direct control of the Treasury Board. The Main Estimates documents before the House indicate a 1984-85 total of 260,370 person-years for departments and agencies whose personnel requirements are controlled by the Treasury Board. This represents an increase of one per cent over the comparable 1983-84 Main Estimates level of 257,678. This latter number, I would remind Members, includes the reduction in authorized levels made by the Treasury Board just prior to the tabling of the Main Estimates last February, but which, as a result, did not show in last year's Blue Book. The limited increases in authorized person-years reflect the commitment of this government to continuing restraint in the growth of the Public Service, and to ongoing efforts to achieve improved productivity in the delivery of services to the public.

If we analyze the areas where the larger increases occur, the attention we give to maintaining and increasing services to the public becomes apparent. The person-year

level of Revenue Canada--Taxation will be increasing by 1,044 over 1983-84 to provide enhanced services to the public. The additional personnel will be allocated entirely to four activities: about 17 per cent to handling telephone and over-the-counter enquiries from the public for tax information, 53 per cent for processing tax returns, 15 per cent for tax adjustments requested by taxpayers, and 15 per cent for dealing with formal appeals of assessments registered by taxpayers. These additional resources will be allocated to all regions of the country. As a complement to these increases in human resources, financial resources are being made available to improve telephone and computer facilities so that services can be provided more rapidly and effectively to the public.

The Correctional Service program has had its authorized level increased by 666, primarily because of growth in the number of penitentiary inmates. The Department of Transport levels are up by 403, largely to provide for regulatory activities related to air safety and to meet staffing requirements for the Canadian Coast Guard fleet. While maintaining and even increasing services to the public generally, it has still been possible to reduce person-year resources in some areas; the number of authorized person-years is down for 22 departments and agencies. For example, authorized levels for the RCMP have been reduced by 175 person-years because of decreased demand for police services from provinces and municipalities. While some of the decrease of 158 person-years shown for the Department of Veterans Affairs reflects the phasing out of temporary requirements related to the relocation to Charlottetown, a part of the reduction is being made possible by the installation of a modern, computerized benefit delivery system.

The documents tabled today reflect some of the ongoing benefits already being gained through programs related to improving the productivity of government operations. I am referring in particular to the IMPAC program, which deals with improving management practices and controls. This program, which is being gradually extended across the government is already providing annual recurring savings of \$122 million. The documents cannot at this early stage, however, reflect the positive results we expect to flow from the four-point plan of new initiatives aimed at further improving productivity in the operation of the federal public sector, which I announced a few weeks ago. At that time, I said:

- we are setting up pilot projects to improve operational efficiencies in departments with major operational responsibilities and with some Crown corporations;
- we are examining central management policies and

procedures to determine how they might be made more efficient, without diminishing the need for probity and accountability in the use of public funds;

- we are reviewing the implementation of federal statutes and regulations in an attempt to reduce red tape while continuing to safeguard the public interest; and
- finally, we are looking at ways of changing the working environment within government to improve productivity.

The Expenditure Plan documents that I have tabled also illustrate the achievements and efforts related to building a strong and growing economy to which my colleague, the Minister of Finance, drew our attention in his Budget statement last week. You will recall that he pointed to:

- the significant reduction in inflation that has been achieved;
- the measures taken to secure economic recovery;
- the record on economic growth, employment and inflation over the last ten months, which has been consistently better than forecast in his previous Budget; and
- the need for a strategy of continued effort aimed at creating jobs through partnership with the private sector.

On its side of the partnership, the government is making a major contribution through such initiatives as the \$1 billion Youth Opportunity Fund which was announced in the Speech from the Throne and to which my colleague the Minister of Finance added \$150 million in his Budget of last week. In all, funds already allocated to Special Recovery Capital Projects and to the direct support of employment, including job training, will total over \$3.5 billion in 1984-85.

Mr. Speaker, I will conclude by saying that I am pleased to table these documents relating to our detailed Expenditure Plan for next year. I believe they illustrate graphically our success in managing and planning our expenditures in this difficult economic period. They also reflect the well-founded optimism this government shares with the private sector that Canada will continue its progress towards a healthy and growing economy.

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President
of the Treasury Board

Président
du Conseil du Trésor

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New Legislative Proposals for the Control and Accountability of Crown Corporations

**Statement by
The Honourable Herb Gray
President of the Treasury Board**

March 1984



Please Note

Although the intent of this statement is to highlight the principal objectives of the new Crown corporations legislation, the Bill itself should be consulted for all purposes of interpreting and applying the proposed law.

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CONTROL AND ACCOUNTABILITY OF CROWN CORPORATIONS

The federal government believes that new measures are now required to strengthen the control and accountability of its Crown corporations. This can best be done by clarifying the roles and responsibilities of Parliament, the government, boards of directors, and managers of Crown corporations.

To this end the government is introducing legislation to amend the *Financial Administration Act*. The proposed legislation incorporates the following principles with respect to Crown corporations:

By Statute Parliament will be required to approve the creation, mandate, financing and disposal of every parent Crown corporation.

By Statute Parliament will be informed of the objectives of Crown corporations as set out in their annual corporate plans, as approved by the government.

By Statute Parliament will have a systematic flow of timely, pertinent information so it can judge whether Crown corporations have met their stated objectives for each planning period.

By Statute the government will be responsible for the strategic and budget decisions of all parent Crown corporations and through them, their wholly owned subsidiaries, and for any directives the government issues. These directives will be tabled in Parliament.

By Statute Crown corporations will be subject to a rigorous audit regime that not only meets but exceeds that normally applied to private sector corporations.

By Statute the responsibilities of the boards of directors of all Crown corporations will be set out so they will be clear to the boards and all others concerned.

The new legislation will provide a comprehensive approach generally taking precedence over any conflicting provisions in other Acts.

Beyond legislation lies another principle that the government believes is essential if Canadians are to enjoy the benefits that come from the use of federal Crown corporations to implement public policy:

Given clear goals, Crown corporations must be free to pursue them in ways consistent with sound management practices.

Considerations

In devising its approach to these matters, the government has benefited from the views of parliamentarians in general and the Public Accounts Committee in particular, as well as from various reports of the Auditor General and that of the Lambert Royal Commission on Financial Management and Accountability.

In addition it has been advantageous to have had the response of Parliament and the public to the 1977 "Blue Paper" of the Privy Council Office; to the Crown corporations bill tabled by the previous government in 1979; and to the Policy Statement and legislation respecting Crown corporations introduced by this government in 1982.

Public and parliamentary attention has focused on matters of control and accountability with respect to Crown corporations. The debate has not centred primarily on the fundamental political or philosophical questions of whether these public enterprises should exist — a testament to the justifiable pride and satisfaction with which generations of Canadians have viewed these characteristically Canadian institutions.

A look at Canadian economic and social history shows why this is the case. Canadians for 100 years and more have created Crown corporations at the federal and provincial levels to do particular jobs that needed doing in the national interest. This is especially the case in transportation, broadcasting, and energy. Other examples appear in the support of agriculture and fisheries, the financing of exports, and in activities ranging from the administration of ports to the minting of coins.

The initial Canadian model for this form of public enterprise was the 1841 creation of a Board of Works in the United Provinces of Canada to construct a canal system. In 1906 the Ontario Conservative government of Sir James Whitney created Ontario Hydro in response to public concern about the monopolistic practices of a number of privately owned power companies.

Today, the corporate holdings of provincial governments exceed those of the federal government in terms of total assets represented. About 75 per cent of the provincial Crown corporations have been created since 1960.

The initial large federal venture into this form of public enterprise was the decision by the Conservative administration of Sir Robert Borden in 1919, when only the CPR was in sound financial condition, to bring three other unstable privately owned railway companies together as Canadian National Railways. The objectives were to safeguard the government's large investment in the railways, to protect Canada's image in foreign capital markets, and to avoid potential damage to large segments of the Canadian economy if the three companies (then on the brink of bankruptcy) did not continue to operate. Today CN has assets of approximately \$6.3 billion and earned approximately \$200 million in profits in 1983.

In 1932 the Conservative government of R.B. Bennett set up the Canadian Radio Broadcasting Commission, later to become the CBC, to regulate and administer a national broadcasting service. In 1937 the Liberal government of William Lyon Mackenzie King responded to the unwillingness of the private sector to invest in a mixed public and private enterprise to provide domestic air services, by establishing Trans-Canada Air Lines, the forerunner of Air Canada. Today Air Canada is one of the world's major airlines providing air service throughout Canada and to points abroad.

The federal government made extensive use of Crown corporations as instruments of public policy during the Second World War. Since the war new corporations have been created in areas such as energy, communications, and pilotage services.

In choosing the corporate structure for achievement of policy objectives, governments over the years have opted for the advantages of an arm's-length relationship. This approach to policy implementation has generally proven itself. However, at the federal level, it now is more than 30 years since a general legislative framework governing the operation of Crown corporations was put in place. The time has come to update that system of control and accountability.

The Approach

The strength of any framework for the control and accountability of federal Crown corporations will derive partly from a recognition that they vary in many ways. Some are financially self-sufficient, while others depend entirely on parliamentary appropriations. Some have thousands or even tens of thousands of employees; others have fewer than 25. Some have rather broad mandates, while others have been created for very specific purposes. Some operate in a competitive environment; others do not.

The framework for control and accountability now being introduced by the government applies to both parent Crown corporations and their wholly owned subsidiaries. For the first time, therefore, the relevant provisions of the *Financial Administration Act* would be explicitly applied to the subsidiary Crown corporations, providing a rigorous system of documentation and control that has been absent to this point.

The provisions of the Bill distinguish between parent and subsidiary Crown corporations. Primary control by the government and Parliament will be exercised through the parent companies. The Bill does, however, provide that the government may extend the controls directly to wholly owned subsidiaries if it considers such action necessary.

The government's ability to direct and influence the activities of corporations in which it has less than 100 per cent ownership is, of course, limited because the rights of the other shareholders must be respected. Where such investments are held by Crown corporations, the proposed legislation does, however, require that the Crown corporations be held accountable for their investments. For example, if a Crown corporation holds a minority interest in another corporation it would be inappropriate for the government to impose its public policy objectives on that enterprise. The Crown corporation would be obliged, however, to account for that investment interest in the corporate plan submitted for government approval.

Measures are also necessary to clarify the classification of Crown corporations. Currently Crown corporations are listed in Schedules B, C and D of the *Financial Administration Act*, but in a fashion which is not always consistent. Under the government's proposals, all parent Crown corporations would either be listed in the schedules or exempted by statute from the provisions of the *Financial Administration Act*. Parliamentarians would be advised annually of the names of the subsidiary Crown corporations through the tabling of a list by the President of the Treasury Board.

Through the proposed legislation, three parent Crown corporations would be exempted from the provisions of the *Financial Administration Act* — the Bank of Canada, the Canadian Wheat Board, and the International Development Research Centre. The government has concluded that in these cases the new policy could result in inappropriate relationships, given the special nature of these corporations and the provisions of their existing Acts of incorporation.

The Bill also provides that those Crown-owned corporations of a governmental nature would be henceforth grouped in Schedule B of the *Financial Administration Act* and would be referred to as departmental corporations; they would be subject to provisions of the Act that now apply to government departments.

All parent Crown corporations of a commercial nature would, under the Bill, be listed on a new Schedule C of the *Financial Administration Act*. This schedule would have two parts. Parent Crown corporations operating in a competitive environment and not dependent on operating subsidies — such as Air Canada and Petro-Canada — would be listed in Part II of Schedule C. The other, more numerous, commercial corporations that are dependent upon parliamentary appropriations — the CBC, for example — or that operate in an environment where competition is less severe would be listed in Part I of Schedule C.

While the main elements of control are embodied in the legislation, some flexibility will be essential in matters concerning government approvals of specific corporate decisions. A single set of controls as specified in the legislation, applicable to Crown corporations irrespective of their degree of commercial involvement, simply will not work.

The necessary flexibility will be achieved through the use of regulations covering such matters as the timing, form and content of corporate plans. However, nothing in the use of such regulations would weaken the statutory role of Parliament. At the Committee stage the government will table the draft regulations.

The Role of Parliament

It is fundamental to the government's position on Crown corporations that the role of Parliament in these matters be clarified.

Explicit parliamentary approval would be required for the establishment of any new parent Crown corporations, for their mandates, and for any subsequent changes to their mandates.

This approval could be sought in one of two ways. The traditional approach is through a special Act. The Bill also provides, however, that in the case of corporations created under general companies legislation, parliamentary approval would be sought through a motion that would enable substantial discussion in the appropriate standing committee.

Parliament would continue, of course, to have authority to approve the financing of Crown corporations' activities where appropriations are required.

Parliamentary approval would be required, as well, for the disposal of any ownership of a parent Crown corporation. Here again the Bill proposes parliamentary consideration of either special legislation or a motion referring the matter to a standing committee.

Parliament has the right to expect a systematic flow of timely, pertinent information on the management of Crown corporations. This would be achieved in the following manner:

First, Parliament would be made aware of the objectives of Crown corporations for each planning period, through the annual tabling of corporate plan summaries.

Second, in their annual reports the parent Crown corporations would be required to report on the extent to which they, and their wholly owned subsidiaries, met their objectives for the financial year. These reports as well would be tabled in Parliament.

Third, the approved operating budgets of all parent Crown corporations requiring parliamentary appropriations would be tabled, as would all approved capital budgets.

Fourth, all government directives would be tabled.

Fifth, the President of the Treasury Board would table an annual consolidated report on all Crown corporations, listing all government corporate holdings, and including employment and financial data.

Finally, all reports tabled in Parliament would be referred to the appropriate standing committee.

The Role of the Government

The government will be responsible for the major strategic decisions of Crown corporations and must therefore be in a position to review their plans and requirements. The Bill would give the government the authority to require that the necessary information be supplied.

This does not mean, however, that the government should create some parallel management structure that would serve only to diffuse managerial responsibility.

Responsibility for the appointment of the boards of directors of parent Crown corporations will rest exclusively with the government. It will also appoint the chairmen of boards and the chief executive officers.

The government will be required by the legislation to approve any expansion of the activities within the mandates of Crown corporations – whether through the creation of new corporate entities, or the acquisition of shares or assets. Government approval will also be required for the disposal of wholly owned subsidiaries or of major businesses or activities of parent Crown corporations. Specific government approval may be required as well for the disposal of property. Prior government approval will also be required for corporate borrowing and for operating and capital budgets.

The government's responsibility is to ensure that parent Crown corporations have specific objectives against which their performance, including that of their wholly owned subsidiaries, would be measured. For this reason, parent Crown corporations will be required to obtain annually government approval of their corporate plans in which the government will expect a clear statement of corporate objectives for the planning period.

This approval procedure by the government does not mean that Crown corporations would be faced with major changes in their strategies each year. However, it would be the means whereby the government would have an opportunity to review corporate objectives and, from time to time, require new policy directions where appropriate.

Situations will undoubtedly arise where the government will want particular parent Crown corporations to take on specific assignments that are in line with both corporate mandates and broad public policy but which may not, in the board of directors' view, be in the mainstream of the corporation's activities. The legislation therefore gives the government the ability to issue directives requiring corporations to implement such assignments, but only after consultation with the board of directors.

The proposed legislation specifically provides, however, that where the government issues a directive, it is the government — not the board of directors — that would be accountable for the consequences arising from the implementation of such a directive. Nevertheless, it is the board's duty to implement the directive promptly and efficiently.

Government directives would be tabled in Parliament and responsibility for them would clearly rest with the government. It is expected that such directives would be few in number and infrequent; the corporate plan would provide the primary vehicle through which the government and the parent Crown corporation would agree on the broad objectives for the total corporate entity.

The government considers it inappropriate to issue directives that could be construed as interference in cultural activities that Parliament has entrusted to certain Crown corporations. The Bill therefore provides that no directive could be issued to the Canada Council, the Canadian Broadcasting Corporation, the Canadian Film Development Corporation or the National Arts Centre Corporation dealing with the form or content of a project, production or broadcast program. The same prohibition would apply to directives concerning the provision of financial assistance by these corporations to any person or group. Any other directive issued to these corporations would be tabled in Parliament, and the Bill provides that no action on the directive could be taken until 30 days after the tabling.

In summary, the government's involvement is reserved for major strategic issues, for matters of public policy, for approval of corporate plans and budgets, and appointments of the chief executive officer and the board of directors of parent Crown corporations. For these purposes the government will have to be prepared to deal quickly with matters that often will be of critical importance to the successful operation of the corporation. The government will be expected to give the parent Crown corporations, and through them their wholly owned subsidiaries, clear guidance on policy matters and on the government's requirements for information.

The Roles of Directors and Managers

Given a clear parliamentary mandate and government concurrence in strategic directions, Crown corporations are responsible for the efficient and effective management of their affairs.

Direct responsibility for such management rests with the board of directors. It is the government's belief that the roles and responsibilities of boards of directors have not always been sufficiently clear. It has chosen to state these duties in the legislation itself, so that the pivotal role of the boards will be beyond question.

The device chosen by the government for this purpose is to restate in this legislation the duties, responsibilities and conflict-of-interest provisions applying to directors as they are set out for private sector companies in the *Canada Business Corporations Act*.

The key responsibilities of directors under that Act are to manage the business and affairs of the corporation. They are to "act honestly and in good faith with a view to the best interests of the corporation", and to "exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances".

It is the existence of a board of directors that distinguishes the corporate form of organization. It allows the government to have the benefit of a sound review of the management of the corporation, while at the same time ensuring that the corporation has the necessary freedom to conduct its affairs in accordance with the established management principles of the private sector.

This vital role for the board of directors requires the appointment to boards of parent Crown corporations of capable persons who will accept from government the responsibility inherent in this role. It is to the board that the government must look for the integrity and soundness of plans, recommendations and proposals concerning the direction of the corporation. It is to the board that the government must look for judgement and guidance on operational issues. It is the board that the government will hold primarily responsible for performance. It is to the board that the legislation provides specific responsibilities related to the audit function, including overseeing effective internal audits and ensuring that thorough external examinations are conducted for the annual audit report and a periodic report on the corporation's management system.

Within the operating sphere of Crown corporations, the responsibility for sound management rests squarely with the chief executive officers. The managers of Crown corporations are expected to devise and implement the financial and other management information systems necessary for boards of directors and the government to be informed of problems and opportunities so they can act promptly. Chief executive officers of parent Crown corporations have a duty, explicit in this legislation, to advise their boards as well as the government of important business developments in the operation of their company, including their wholly owned subsidiaries.

Responsibility rests with the chief executive officers for developing and ensuring the implementation of corporate plans, budgets, and strategic business proposals of the corporations:

In the final analysis, essential management systems notwithstanding, it is the chief executive officer's function to manage effectively. This includes the recruitment and retention of skilled, dedicated women and men without whom these public enterprises cannot hope to succeed. Good management systems, however necessary, can never replace motivated, capable people.

Audit Provisions

Thorough and rigorous audits of corporations cannot replace good management, clear thinking, and well-defined responsibilities and objectives as critical elements in ensuring well-run corporations. However, a good audit system is essential if management is to be alert to possible weaknesses in the corporation's control systems and if the shareholder is to have a reliability check on the corporation's activities. Properly structured, precisely defined as to role, and carefully organized as to reporting relationships, good audit systems form an integral part of any comprehensive management system. Following are the main provisions of the proposed audit regime.

Because Crown corporations often have goals that are not purely financial, the auditor will be asked to attest to the accuracy and consistency of non-financial performance indicators which the government wants verified.

The management systems that most Crown corporations now employ to ensure that assets and operations are managed efficiently would henceforth be explicitly required by statute. The proposed legislation will also generally require Crown corporations to have an internal audit activity which would be under the general direction of an audit committee of the board of directors.

Audit works best when it is regarded by management as a tool to improve the performance of the corporation. At the same time, auditors work for the shareholder, in this case the Government of Canada, and the shareholder has a right to be assured that corporations have established proper management systems. The new proposals include an external special examination of the management systems, structured in a way that should provide the shareholder with the necessary confidence while helping management improve its performance.

At least every five years, all Crown corporations will have an external examination to provide reasonable assurance that there are no significant deficiencies in the management systems and practices of the corporation. This examination will normally be carried out by the auditor performing the annual audit, but in certain circumstances it may be appropriate to have another qualified person undertake the examination.

For corporations in Part II of Schedule C — those operating in a highly competitive environment — the examiner's report will be made only to the board of directors, in order not to expose the corporation to a public scrutiny of a kind that its competitors would not face. This, however, implies a very special responsibility on the part of the board to

protect the interests of the shareholder. For corporations in Part I of Schedule C, the examiner will have the right to bring significant deficiencies to the attention of the appropriate Minister and — if in the examiner's opinion the circumstances warrant — to the attention of Parliament, though only after consultation with the board of directors, the appropriate Minister and the Auditor General.

Audits and special examinations are designed to provide an independent, objective assessment — for management and the shareholder — of the adequacy of financial and management controls. Auditors and examiners may not, however, question the merits of particular policy or business decisions, or the objectives of the corporation.

The legislation also proposes a clear and strengthened role for the Auditor General. On or after January 1, 1989, the Auditor General would be appointed by the government as the auditor or joint auditor of each Crown corporation listed in Part I of Schedule C, unless the Auditor General waives the requirement that he be so appointed. A phasing-in of this new role has been proposed so as to avoid disruption of the work now done by private sector auditors. It will be possible under certain circumstances for private sector firms to undertake the special examinations of corporations in Part I of Schedule C.

For those Crown corporations listed in Part II of Schedule C, an auditor would be appointed by the government after consultation with the board of directors. As is the case with those corporations in Part I of Schedule C, the special examination would be carried out either by the auditor or another qualified person.

Conclusion

The government's proposals provide a comprehensive framework for the direction, control, and accountability of Crown corporations. Parliament's role will be strengthened. The government's ability to act as a vigilant and effective shareholder will be enhanced. The corporations will be free to operate effectively in accordance with sound management practices.

Canadians have shown and continue to show confidence in Crown corporations as instruments of nation-building and public policy. This faith demands a renewal of their confidence in the strength of the management of these important assets. The proposals put forward by the Government of Canada should provide such confidence.

Federal Crown Corporations

The proposed new Schedules to the *Financial Administration Act* are shown below.

As indicated on page 4, the 16 departmental corporations would henceforth be listed separately in Schedule B to the Act.

The 50 Crown corporations are shown in Schedule C. Part I of that Schedule lists the 41 Crown corporations of a commercial nature that typically require parliamentary appropriations or which do not normally operate in a highly competitive environment. The nine corporations that are not dependent on operating subsidies and which do carry on commercially competitive activity are listed in Part II.

Altogether, these 50 Schedule C Crown corporations have 129 wholly owned subsidiaries, over 209,000 employees, and assets approaching \$47 billion. The subsidiaries and summary data for the Crown corporations are included in the book *Crown Corporations and Other Canadian Corporate Interests*.

Schedule B

Agricultural Stabilization Board
Atomic Energy Control Board
Canada Employment and Immigration Commission
Canadian Centre for Occupational Health and Safety
Crown Assets Disposal Corporation
Director of Soldier Settlement
The Director, The Veterans' Land Act
Economic Council of Canada
Fisheries Prices Support Board
Medical Research Council
The National Battlefields Commission
National Museums of Canada
National Research Council of Canada
Natural Sciences and Engineering Research Council
Science Council of Canada
Social Sciences and Humanities Research Council

Schedule C, Part I

Atlantic Pilotage Authority
Atomic Energy of Canada Limited
Canada Council
Canada Deposit Insurance Corporation
Canada Fisheries Products Inc.
Canada Lands Company Limited
Canada Mortgage and Housing Corporation
Canada Post Corporation
Canadian Arsenals Limited
Canadian Broadcasting Corporation
Canadian Commercial Corporation
Canadian Dairy Commission
Canadian Film Development Corporation
Canadian Livestock Feed Board
Canadian National (West Indies) Steamships Limited
Canadian Patents and Development Limited
Canadian Saltfish Corporation
Canadian Sports Pool Corporation

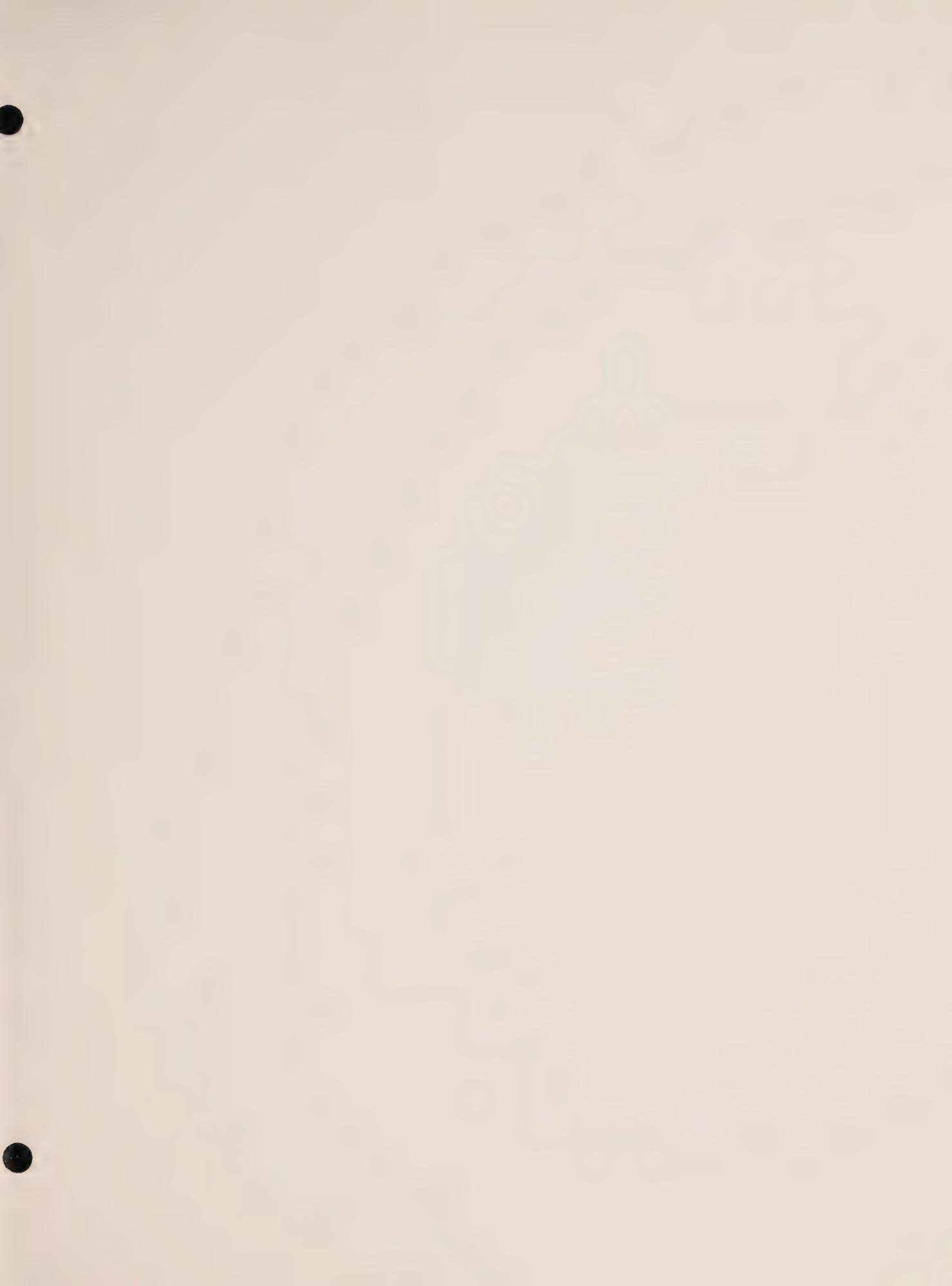
Schedule C, Part I (continued)

Canagrex
Cape Breton Development Corporation
Defence Construction (1951) Limited
Export Development Corporation
Farm Credit Corporation
Federal Business Development Bank
Freshwater Fish Marketing Corporation
Great Lakes Pilotage Authority, Ltd.
Harbourfront Corporation
Laurentian Pilotage Authority
Loto Canada Inc.
Mingan Associates, Ltd.
National Arts Centre Corporation
National Capital Commission
Northern Canada Power Commission
Pacific Pilotage Authority
Royal Canadian Mint
St. Anthony Fisheries Limited
The St. Lawrence Seaway Authority
Societa a responsabilita Limitata Immobiliare
San Sebastian
Standards Council of Canada
Uranium Canada Limited
VIA Rail Canada Inc.

Schedule C, Part II

Air Canada
Canada Development Investment Corporation
Canada Ports Corporation
Canadian National Railway Company
Montreal Port Corporation
Northern Transportation Company Limited
Petro-Canada
Teleglobe Canada
Vancouver Port Corporation









President
of the Treasury Board

Président
du Conseil du Trésor

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SPEAKING NOTES
FOR
THE HONOURABLE HERB GRAY, P.C., M.P.
PRESIDENT OF THE TREASURY BOARD
HOUSE OF COMMONS DEBATE
ON
BILL C-21, THE BORROWING AUTHORITY ACT,
AND ON
THE POST 6-AND-5 PROGRAM

March 8, 1984



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CHECK AGAINST DELIVERY



I am pleased to speak in the debate on Bill C-21, the Borrowing Authority Act, which follows the February 15 Budget introduced by my colleague, the Minister of Finance, and is supportive of the expenditure plan and very important initiatives set out in the Budget. The recent Budget presents a very clear and positive context for Bill C-21, and it is a Budget which builds on the successes of several previous Budgets of this government in dealing effectively with the problems, created largely by international factors, that have hindered our economy's well-being.

I would ask the honourable members to cast their minds back to June 1982. Canada was then in the midst of a serious recession. At the same time, industry and consumers were suffering from double-digit inflation and accompanying record high interest rates. The country's unsatisfactory productivity performance, including a high level of wage and other cost increases, was creating severe cost competitiveness problems for us in world markets. The interplay of all of these factors was reinforcing a decline in our economy.

In these circumstances, the government recognized that it had a prime responsibility to bring down inflation and, through this and other measures, to stimulate economic recovery. It took the decisive action required, beginning with the introduction of the 6&5 program in June 1982. All sectors of the Canadian economy were encouraged to follow the federal government's lead to restrain their demands on the economy so that our future economic well-being would be protected.

Canadians generally responded positively to the challenge of the 6&5 program, and have taken wage and price decisions that ensured the program's success.

6&5 has been a balanced program. As a way of showing leadership and as a demonstration to other sectors, wage rate increases of federal public sector employees have been held to 6 and 5 per cent for a two-year period. The indexation factors applicable to personal income tax exemptions and tax brackets, Family Allowance and Old Age Security -- but not the Guaranteed Income Supplement -- were limited by legislation to increases of 6 per cent in 1983 and 5 per cent in 1984. The indexation of Public Service pensions was also limited. Further, prices of all goods and services provided by federal government departments, agencies, Crown corporations and their wholly-owned subsidiaries, as well as prices set by federal regulatory bodies, were limited to increases of 6 and 5 per cent respectively for a two-year period following June 28, 1982. The government also initiated an active consultation process with other sectors of the economy, including the formation of a committee of business representatives. The government

introduced a form of leverage in its procurement and industrial assistance programs by asking suppliers of goods and services to the government as well as firms receiving government assistance to make "best efforts" to limit their price and wage increases to the 6 and 5 guidelines, thus broadening the positive effects of the 6&5 program. The government also called on provincial governments to undertake similar restraint measures in their own jurisdictions, and they have all done so. All these steps helped broaden the impact of the 6&5 program on prices generally in the economy.

When the government launched the 6&5 program in June 1982, the inflation rate was in excess of 11 per cent. By the end of last year, it had dropped dramatically to 4.5 per cent, and for the whole of 1983, the rate of inflation, at 5.8 per cent, was almost half of what it was in 1982, and lower than it had been in over 10 years.

In the quarter ending in June 1982, average annual compound increases in base wage rates for major new settlements without COLA clauses, in both the Canadian private sector and the federal public sector, were very close to 12 per cent. For the most recently reported quarter, the corresponding figures for both sectors are about 5 per cent.

The 6&5 program has made an important contribution to the improvement in Canada's inflation performance. Consequently, it was a major factor in the economic turn-around that resulted in the achievement of about 3 per cent real growth last year and about 400,000 jobs being created. Expanding labour productivity, together with improved wage performance, have resulted in a very significant improvement in Canada's cost performance. These are very encouraging signs. Still, we must be vigilant in our efforts not only to maintain our level of improved performance, but also to strive by all reasonable means to enhance it further.

All Canadians have a stake in controlling and reducing inflation by keeping the increases in the prices of goods and services at levels which will contribute to the continued reduction of inflation. The moderation of costs and improvement in productivity contributed to our achieving an increased share of world markets last year. We must continue to limit our costs and be more productive. Every country in the industrialized world is endeavouring to become more competitive so our continued prosperity depends enormously on our ability to keep pace with the rest of the world.

The onus, the obligation to keep Canadian costs competitive and improve productivity rests with each of us. This is true primarily in the private sector, but also in the public sector. This means not only that we all have a responsibility for containing inflation and for not allowing the successes achieved in curbing inflation to be frittered away; but it also means that the public and private sectors must be unremitting in their efforts to improve productivity. A more productive Canada, both in its public and private sectors, is the key to our economic vitality in what remains of the 20th century and on into the 21st.

For the public sector, there are additional factors demanding continuing attention to the improvement of productivity in our own operations. In the first place, the public sector is inevitably looked to for the demonstration it provides or can provide in the effective and efficient management of human and financial resources.

Secondly, the Canadian public quite rightly insists on quality service and on achieving top value for their tax dollars. Canadians want their governments to offer at least as many services as they have become used to, but they want them performed at the least practical cost. The federal government is providing more services today than ever before with a Public Service workforce that is about at the same level as it was in the mid-1970s. The overall Public Service personnel strength has steadily decreased from 2.6 per cent of the labour force in 1976 to 2.1 per cent today.

A few weeks ago, I announced a four-point plan of new initiatives aimed at further improving productivity in the operation of the federal public sector.

- Firstly, we are setting up pilot projects to improve operational efficiencies in departments with major operational responsibilities and with some Crown corporations.
- Secondly, we are examining central management policies and procedures to determine how they might be made more efficient, without diminishing the need for probity and accountability in the use of public funds.
- Thirdly, we are reviewing the implementation of federal statutes and regulations in an attempt to reduce red tape while continuing to safeguard the public interest.
- Fourthly, we are looking at ways of changing the working environment within government to improve productivity.

We expect that these initiatives will enhance the productivity, that is, the efficiency and effectiveness of government operations. These initiatives will be taken in conjunction with already existing measures such as the IMPAC program. IMPAC is aimed at improving management practices across the federal government. It is already achieving savings estimated to be of the order of \$122 million each year.

With the new Budget, the federal government has renewed its commitment to provide economic leadership. In this context, the on-going necessity to contain inflation is part of our overall effort to foster sustained economic growth and job creation. We have therefore decided to continue the policy of limiting price increases for goods and services provided by federal departments and agencies, Crown corporations and federally regulated industries for a further 12 months. For this purpose we have set a new price guideline of 4 per cent. The administrative mechanisms of the 6&5 program for monitoring price increases will remain in place. As was the case with the 6&5 program, price increases above the new guideline will be permitted only with Cabinet approval and only when they are clearly warranted. The new 4 per cent price guidelines and our new policy on collective bargaining demonstrate our belief that the federal government, indeed all levels of government, have a fundamental responsibility, in the words of the Minister of Finance in his Budget speech, "to continue to exercise discipline in their own wage and price decisions".

As announced in the Budget, the government will resume collective bargaining in the federal public sector as the 6&5 program expires. I welcome a return to collective bargaining. Collective bargaining provides employees in both the public and private sectors with the capacity to play a meaningful role in determining the terms and conditions of their employment. Each group of federal public sector employees will leave the mandatory restraint program once two years from their date of entry have passed; this means individual groups will begin to phase out of the 6&5 program this June, and by July 1985, all federal employees will have exited. Thus, collective bargaining activities will be resumed commencing in May or June of this year.

In its own collective bargaining, the government will bargain hard, but responsibly and fairly. Four major principles will guide the government as it carries out its side of the collective bargaining process:

- we will bargain for settlements that will contribute to reducing inflation and are fiscally responsible;

- we will bargain for settlements based on total compensation comparisons with the private sector, that is, taking into account the whole range of benefits and conditions of employment;
- we will bargain for settlements that do not exceed the private sector in compensation for comparable jobs; and
- we will bargain for settlements that encourage increased productivity and improved performance, and recognize relative job responsibilities.

Therefore, while there are no hidden numerical pay guidelines, we will apply these four principles which are not only fair but are, I believe, consistent with what the public expects of the government in its settlements with its public employees.

In this regard, the government has no intention of paying catch-up payments to its public servants. This is because other sectors have indeed followed the federal restraint initiative, as the wage adjustment figures so clearly show. The guaranteed wage rate increases of 6 per cent, and then 5 per cent, for federal public sector employees have meant that public servants have not lost out relative generally to other wage earners in Canada.

The government will bargain compensation with its employees in a fiscally responsible manner. We will not agree to increase wages to the point where upward pressure is put on inflation, or where revenues in addition to those provided for in the fiscal plan must be sought through increased borrowing or taxation, or through the diversion of funds from other programs in order to meet higher public sector payroll costs.

The government has indicated its willingness to ask Parliament to legislate wage settlements in those specific cases where there are excessive arbitral awards or excessive settlements by Crown corporations, or where federal public sector strikes may be damaging to the public interest because of their lengthy or disruptive nature. This recognizes the government's on-going responsibility to protect that public interest. The Canadian people generally and, I hope, the public sector unions and their members will understand this necessity. The principles for collective bargaining with the federal Public Service set out in the Budget are fair and reasonable. I believe that federal public sector employees, their unions and the government itself will act in such a manner that the intervention of Parliament in the process of determining compensation will seldom, perhaps never, be necessary.

The public expects the federal government and all governments as well as the public sector unions to strive responsibly to meet the challenges inherent in the resumption of collective bargaining. The public has expectations about the level, the quality and the continued delivery of government services. It expects value for tax dollars, and it expects the public sector, both federal and provincial, to play its part in the restoration of the country's economic health.

Also, I will be undertaking consultations with labour and other interested groups on proposals to amend the Public Service Staff Relations Act. The Act governs collective bargaining in the federal Public Service, and has not undergone substantive change since it was first proclaimed in 1967. We obviously have some suggestions from a government point of view, and the bargaining agents have theirs. My objective is to have meaningful dialogue on the matter with the unions and others who are anxious to make their views known. It would not be helpful to speculate at this time on what might or might not eventually be proposed to Parliament on this subject. For my part, I am anxious that the collective bargaining system in the federal Public Service operates to the mutual benefit of public servants and Canadians at large.

The substantial progress we have achieved as a nation since 1982 in our collective battle against inflation is not solely because of the 6&5 program. But it has served to mobilize the efforts of all Canadians towards a more cost-competitive and less inflationary economy. We must not dissipate our hard-won gains. We must strive to make further headway in reducing inflation, increasing productivity, economic growth and creating jobs. It is for this purpose that the government has chosen to build on the positive result of the 6&5 program. We have introduced a new program with its 4 per cent price guideline and its 4 principles for achieving reasonable public sector wage settlements. I call on all Canadians to continue to follow the leadership of the federal government and to work together to achieve our shared goals for the Canadian economy.

President
of the Treasury Board

Président
du Conseil du Trésor

NOTES FOR SPEECH BY THE HONOURABLE ROBERT DE COTRET,
PRESIDENT OF THE TREASURY BOARD,
AT THE OPENING OF
THE NATIONAL SYMPOSIUM ON LINGUISTIC SERVICES
TUESDAY, OCTOBER 9, 1984



"THE BUREAU FOR TRANSLATIONS ... SINCE 1934 HAS UNOBTRUSIVELY BEEN IN CHARGE OF TRANSLATION FOR BOTH PARLIAMENT AND THE EXECUTIVE BRANCHES OF GOVERNMENT ... WHAT IS SIGNIFICANT IS THAT THE BUREAU HAS SUCCEEDED IN BRINGING ORDER TO THE CHAOTIC TRANSLATION SYSTEM THAT PRECEDED IT ... THE FUNDAMENTAL PROBLEMS OF TRANSLATING THE WRITTEN WORD, IN SHORT, HAVE BEEN SUBSTANTIALLY SOLVED..."

EVER SINCE CONFEDERATION, BILINGUALISM HAS BEEN PURSUED IN ONE FORM OR ANOTHER IN THE FEDERAL ADMINISTRATION. IN FACT, SECTION 153 OF THE CONSTITUTION ACT, 1867 STATED THAT EITHER THE ENGLISH OR FRENCH LANGUAGE COULD BE USED IN THE COURTS OF CANADA AND IN THE DEBATES OF PARLIAMENT, AND THAT BOTH LANGUAGES MUST BE USED IN THE STATUTES, ARCHIVES, RECORDS AND JOURNALS OF PARLIAMENT.

SOME IMPORTANT, ESSENTIAL AND IRREVERSIBLE LINGUISTIC REFORMS HAVE BEEN ACHIEVED IN THE FEDERAL GOVERNMENT SINCE THE PUBLICATION NEARLY TWENTY YEARS AGO OF THE LAURENDEAU-DUNTON COMMISSION'S REPORT. THE PROGRESSIVE CONSERVATIVE PARTY HAS ALWAYS SUPPORTED THESE REFORMS, AND THE NEW GOVERNMENT IS DETERMINED TO NOT ONLY MAINTAIN WHAT HAS BEEN ACQUIRED BUT TO IMPROVE THE EXISTING SERVICES. THE NATURE OF THE PROGRESSIVE CONSERVATIVE PARTY'S FUNCTION AS OFFICIAL OPPOSITION REQUIRED IT IN RECENT YEARS TO CRITICIZE SOME OF THE WAYS IN WHICH THE PREVIOUS GOVERNMENTS APPLIED THE LANGUAGE POLICY; BUT WE HAVE ALWAYS SUPPORTED ITS OBJECTIVES AND ADMINISTRATIVE CONSEQUENCES. NOW THAT WE ARE THE GOVERNMENT, OUR ROLE IS TO DO A BETTER JOB THAN OUR PREDECESSORS, AND TO DO IT LESS EXPENSIVELY.

AS PRESIDENT OF THE TREASURY BOARD, I INTEND TO REVIEW THE FEDERAL GOVERNMENT'S LINGUISTIC SERVICES, ALONG WITH ALL OTHERS, TO MAKE THEM MORE EFFICIENT AND LESS COSTLY. BUT IN SO DOING, I WILL ALSO TRY TO IMPROVE THEIR QUALITY AND TO MAKE THEM BETTER SUITED TO THE NEEDS OF CANADIANS. IN THE FIELD OF TRANSLATION, FOR EXAMPLE, WE SHALL, IN ACCORDANCE WITH THE RECOMMENDATION MADE BY THE COMMISSIONER OF OFFICIAL LANGUAGES IN HIS 1983 ANNUAL REPORT, ATTEMPT TO REDUCE THE VOLUME OF UNJUSTIFIED TRANSLATION REQUESTS AND TO INCREASE THE AMOUNT OF WORK WRITTEN IN FRENCH IN THE SERVICES AND COMMUNICATIONS THAT DIRECTLY AFFECT CANADA'S FRANCOPHONE CITIZENS.

WHAT I'D LIKE TO EMPHASIZE TODAY, HOWEVER, IS THE HISTORICAL CONTINUITY OF THE EFFORTS MADE BY SUCCESSIVE FEDERAL GOVERNMENTS SINCE CONFEDERATION, TO ENSURE PROGRESS TOWARDS EQUAL STATUS FOR ENGLISH AND FRENCH AS CANADA'S OFFICIAL LANGUAGES.

AS I SAID A FEW MINUTES AGO, IT HAS BEEN A LONG ROAD - TOO LONG, FROM THE PERSPECTIVE OF FRENCH-SPEAKING CANADIANS - AND WE HAVE PROGRESSED WITH MANY STUMBLES, SETBACKS, ERRORS AND OMISSIONS. BUT IT IS IMPORTANT TO REALIZE THAT WE DID NOT START ON THAT JOURNEY IN 1965 OR IN 1969. ALL GOVERNMENTS SINCE CONFEDERATION, BEGINNING WITH THAT FORMED BY OUR FIRST PRIME MINISTER, SIR JOHN A. MACDONALD, HAVE HAD TO GRAPPLE WITH THE ADMINISTRATIVE CONSEQUENCES OF CANADA'S BILINGUAL MAKE-UP. TAKE, FOR EXAMPLE, THE PARTICIPATION OF FRENCH-SPEAKING CANADIANS IN THE MORE SENIOR RANKS OF THE FEDERAL PUBLIC SERVICE. MANY PEOPLE ARE UNDER THE IMPRESSION THAT MR. JOE CLARK WAS THE FIRST PRIME MINISTER TO APPOINT, IN 1979, A FRANCOPHONE AS CLERK OF THE PRIVY COUNCIL AND, THEREFORE HEAD OF THE PUBLIC SERVICE; BUT THAT IS NOT THE CASE. MR. CLARK WAS REALLY FOLLOWING IN THE FOOTSTEPS OF

SIR JOHN A. MACDONALD, WHO HAD APPOINTED IN 1880 THE FIRST FRENCH-SPEAKING CLERK OF THE PRIVY COUNCIL, IN THE PERSON OF JOSEPH-OLIVIER CÔTE.

THUS OVER THE YEARS THERE HAS BEEN SLOW BUT STEADY PROGRESS. IN 1927, OUR STAMPS BECAME BILINGUAL; IN 1934, THE TRANSLATION SERVICES WERE REFORMED; IN 1936 WE BEGAN TO PRINT BILINGUAL BANK NOTES; 1945 SAW THE GOVERNMENT ISSUING THE FIRST BILINGUAL FAMILY ALLOWANCE CHEQUES IN QUEBEC. IN 1962, THE DIEFENBAKER GOVERNMENT GENERALIZED THIS PRACTICE BY MAKING BILINGUAL ALL OF THE FINANCIAL OPERATIONS IN WHICH CHEQUES WERE USED. THREE YEARS EARLIER, IN 1959, THIS SAME GOVERNMENT HAD INTRODUCED SIMULTANEOUS INTERPRETATION IN THE HOUSE OF COMMONS. IN HIS WORK ON LANGUAGE LEGISLATION IN THE FEDERAL GOVERNMENT, ATTORNEY REJEAN PATRY SAID THAT THE INTRODUCTION OF A SYSTEM OF SIMULTANEOUS TRANSLATION IN THE HOUSE OF COMMONS AND SENATE HAS UNQUESTIONABLY ENCOURAGED A LARGER NUMBER OF FRANCOPHONES TO ADDRESS THEIR COLLEAGUES IN FRENCH.

THE ADOPTION OF THE OFFICIAL LANGUAGES ACT IN 1969 WAS IN A WAY THE CULMINATION OF A LONG PERIOD OF HISTORIC DEVELOPMENT. THIS ACT WAS ADOPTED WITH THE SUPPORT OF ALL THE POLITICAL PARTIES REPRESENTED IN THE COMMONS. IT EXPANDED IN A SYSTEMATIC AND SIGNIFICANT WAY THE PRINCIPLES OF BILINGUALISM IN THE FEDERAL ADMINISTRATION. SINCE THE IMPLEMENTATION OF THE CANADIAN CHARTER OF RIGHTS AND FREEDOMS IN APRIL 1982, THE BASIC PRINCIPLES OF THE OFFICIAL LANGUAGES ACT HAVE BEEN GUARANTEED BY THE CANADIAN CONSTITUTION. THIS ENSHRINEMENT OF BASIC LANGUAGE RIGHTS IN THE COUNTRY'S FOUNDING STATUTE, WHICH AGAIN WAS SUPPORTED BY ALL THE FEDERAL POLITICAL PARTIES, IS CONSISTENT WITH THE BEST CANADIAN TRADITION OF TOLERANCE AND CIVILITY, A TRADITION THAT PRIME MINISTER BRIAN MULRONEY IS DETERMINED TO REVIVE IN ALL AREAS.

WITHIN THE BOUNDARIES OF HIS POWERS, THE COMMISSIONER OF OFFICIAL LANGUAGES IS RESPONSIBLE FOR SEEING THAT BOTH OFFICIAL LANGUAGES ARE TREATED AS HAVING EQUAL STATUS AND TO ENSURE COMPLIANCE WITH THIS PRINCIPLE IN THE FEDERAL INSTITUTIONS. LAST MONTH MARKED BOTH THE 15TH ANNIVERSARY OF THE OFFICIAL LANGUAGES ACT AND THE INSTALLATION OF THE THIRD COMMISSIONER, MR. D'IBERVILLE FORTIER, WHO IS A PARTICIPANT IN THIS SYMPOSIUM. I JOIN WITH THE OTHER PARTICIPANTS IN CONGRATULATING HIM AND WISHING HIM A TERM OF OFFICE AS PRODUCTIVE AS THOSE OF HIS PREDECESSORS, MR. MAX YALDEN AND MR. KEITH SPICER.

AN IMPORTANT GOAL OF THE NEW GOVERNMENT WILL BE TO BROADEN AND STRENGTHEN THE NATIONAL CONSENSUS ON OFFICIAL LANGUAGES POLICY. THERE IS NO REASON WHY ANY CANADIAN SHOULD FEEL THREATENED BY THIS FEDERAL POLICY. THERE IS NO REASON WHY THOSE WHO HAVE NOT HAD THE OPPORTUNITY TO LEARN BOTH OFFICIAL LANGUAGES SHOULD FEEL THIS POLICY LIMITS THEIR ACCESS TO THE PUBLIC SERVICE OF CANADA, OR THEIR ABILITY TO COMMUNICATE WITH THEIR NATIONAL GOVERNMENT IN THE OFFICIAL LANGUAGE OF THEIR CHOICE. AND THERE IS NO MORE REASON WHY THE PRINCIPLES UNDERLYING CANADA'S OFFICIAL LANGUAGES POLICY SHOULD CONTINUE TO BE THE OBJECT OF PARTISAN DEBATE. HAVING RECEIVED MASSIVE SUPPORT FROM ALL PARTS OF CANADA, THE NEW GOVERNMENT IS IN AN IDEAL POSITION TO STRENGTHEN THE NATIONAL CONSENSUS ON THIS VITAL ISSUE. WE WILL NOT SHIRK OUR HISTORIC OBLIGATION IN THIS REGARD.

THIS, THEN, IS THE SPIRIT THAT WILL CHARACTERIZE THE NEW GOVERNMENT'S APPROACH TO LANGUAGE. IT WILL STRIVE TO MAINTAIN WHAT HAS BEEN GAINED AND ALSO TO MOVE AHEAD STEADILY. IN THIS VEIN, I AM PLEASED TO ANNOUNCE, ON BEHALF OF THE PRIME MINISTER, TWO NEW INITIATIVES RELATING TO THE GOVERNMENT'S LANGUAGE POLICY.

FEDERAL-PROVINCIAL AGREEMENTS

IN ITS FIFTH REPORT, THE SPECIAL SENATE-HOUSE OF COMMONS JOINT COMMITTEE ON THE OFFICIAL LANGUAGES RECOMMENDED THAT ALL FEDERAL-PROVINCIAL AGREEMENTS PRODUCED BY THE PARLIAMENT AND GOVERNMENT OF CANADA BE WRITTEN IN BOTH OFFICIAL LANGUAGES. THE NEW GOVERNMENT HAS ACCEPTED THE COMMITTEE'S RECOMMENDATION AND WILL PROCEED WITH IT AS SOON AS POSSIBLE.

THE ADMINISTRATIVE CIRCULAR TO BE ISSUED SHORTLY BY THE TREASURY BOARD WILL DRAW A DISTINCTION, AMONG THE NUMEROUS FEDERAL-PROVINCIAL AGREEMENTS, BETWEEN THOSE OF INTEREST TO THE PUBLIC AND THOSE WHOSE TECHNICAL NATURE LIMITS THEIR INTEREST TO SPECIALISTS ONLY. THE GOVERNMENT WILL SEE THAT ALL AGREEMENTS OF INTEREST TO THE PUBLIC WILL BE AVAILABLE IN BOTH OFFICIAL LANGUAGES. THUS, THERE WILL BE THREE CATEGORIES OF AGREEMENTS.

- 1) AGREEMENTS THAT MUST BE PRODUCED IN THE FRENCH AND ENGLISH VERSIONS, BOTH BEING EQUALLY AUTHORITATIVE

THIS CATEGORY WILL INCLUDE ALL THE MULTILATERAL AGREEMENTS MADE WITH TWO OR MORE PROVINCES WHERE THE OFFICIAL LANGUAGE OF ONE IS DIFFERENT FROM THE OTHERS, OR WHERE AT LEAST ONE IS OFFICIALLY BILINGUAL; BILATERAL AGREEMENTS CONCLUDED WITH A PROVINCE WHOSE OFFICIAL LANGUAGES ARE FRENCH AND ENGLISH; QUOTATIONS, IN AN AGREEMENT, FROM AN ACT ADOPTED OR PROPOSED BY A LEGISLATIVE BODY THAT IS REQUIRED BY THE CONSTITUTION TO PRODUCE ITS LEGISLATION IN BOTH OFFICIAL LANGUAGES, ALONG WITH EVERY AGREEMENT THAT MUST BE TABLED BEFORE PARLIAMENT BY LAW OR BY THE DECISION OF A FEDERAL MINISTER.

2) AGREEMENTS THAT MUST BE "AVAILABLE IN BOTH OFFICIAL LANGUAGES" WHEN THEY ARE SIGNED OR WHEN THE FIRST NEWS RELEASE CONCERNING THEM IS PUBLISHED

THIS CATEGORY WILL INCLUDE ALL AGREEMENTS THAT ARE NOT IN THE FIRST CATEGORY BUT THAT ARE SIGNED BY A FEDERAL MINISTER AND HAVE TO DO WITH A QUESTION OF NATIONAL OR LOCAL INTEREST, OR ARE LIABLE TO DRAW CONSIDERABLE ATTENTION FROM THE PUBLIC, ALONG WITH AGREEMENTS HAVING TO DO WITH LANGUAGE, CULTURE OR EDUCATION THAT ARE SIGNED BY A MINISTER OR SENIOR FEDERAL OFFICIAL.

3) AGREEMENTS TRANSLATED ONLY BY REQUEST

THIS CATEGORY INCLUDES OTHER AGREEMENTS THAT AS A RULE ARE LESS IMPORTANT ON A NATIONAL OR LOCAL SCALE. ONLY IF AN EXPLICIT REQUEST IS MADE ARE THEY TRANSLATED. SHOULD THIS HAPPEN, THEY MUST NONETHELESS BE TRANSLATED WITHIN A REASONABLE TIME PERIOD, GIVEN THE FEDERAL GOVERNMENT'S RESPONSIBILITY TO PROVIDE TO THE PUBLIC A QUALITY SERVICE IN BOTH OFFICIAL LANGUAGES.

NEEDLESS TO SAY, THE NEW GOVERNMENT INTENDS TO WORK WITH THE PROVINCIAL GOVERNMENTS BEFORE PROMULGATING THIS NEW POLICY. CONSULTATIONS WILL TAKE PLACE IN THE COMING WEEKS.

CONSTITUTIONAL LAWS

SECONDLY, I AM PLEASED TO ANNOUNCE ON BEHALF OF THE HONOURABLE JOHN CROSBIE, THE NEW JUSTICE MINISTER, THAT THE GOVERNMENT WILL ACCELERATE THE TECHNICAL PROCEDURES REQUIRED TO GIVE ALL CONSTITUTIONAL STATUTES AN EQUAL VALUE BEFORE THE COURTS IN BOTH OFFICIAL LANGUAGES.

SECTION 55 OF THE CONSTITUTION ACT, 1982 PRESCRIBES THE WRITING IN FRENCH OF CERTAIN CONSTITUTIONAL TEXTS (SPECIFICALLY, THE CONSTITUTION ACT, 1867 AND OTHER BRITISH LAWS), WHICH AT THE PRESENT TIME HAVE THE FORCE OF LAW IN ENGLISH ONLY. THE MINISTER OF JUSTICE SHALL PREPARE THE FRENCH VERSION OF THE CONSTITUTION OF CANADA "AS EXPEDITIOUSLY AS POSSIBLE." MOREOVER, THIS SECTION STATES THAT "WHEN ANY PORTION THEREOF SUFFICIENT TO WARRANT ACTION BEING TAKEN HAS BEEN SO PREPARED, IT SHALL BE PUT FORWARD FOR ENACTMENT BY PROCLAMATION" THE PURPOSE OF THIS CONSTITUTIONAL REQUIREMENT, SET FORTH IN SECTIONS 55 AND 56, IS TO ENSURE THAT THE ENGLISH AND FRENCH TEXTS OF THE CONSTITUTION ARE EQUALLY AUTHORITATIVE.

THE COMMITTEE OF LEGAL EXPERTS IN CHARGE OF PREPARING FRENCH VERSIONS OF CONSTITUTIONAL DOCUMENTS HAVING THE SAME SCOPE IN LAW AS ENGLISH TEXTS MET FOR THE FIRST TIME ON SEPTEMBER 21. THEIR TECHNICAL WORK WILL PRODUCE CONSTITUTIONAL TEXTS THAT WILL ENSURE COMPLIANCE WITH THE PRINCIPLE FOR EQUAL STATUS OF FRENCH AS ONE OF CANADA'S OFFICIAL LANGUAGES.

I COULD THINK OF NO BETTER WAY TO CONCLUDE THIS BRIEF ADDRESS THAN BY QUOTING SOME OF THE WORDS SPOKEN BY PRIME MINISTER MULRONEY IN HIS INTERVENTION DURING THE DEBATE ON THE HOUSE OF COMMONS RESOLUTION ON FRENCH LANGUAGE RIGHTS IN MANITOBA ON OCTOBER 6, 1983.

"YEARS AGO," STATED MR. MULRONEY, "THIS HOUSE APPROVED THE PRINCIPLE OF OFFICIAL BILINGUALISM FOR CANADA... IT IS A NOBLE PRINCIPLE, ONE WHICH IS CAPABLE OF ENRICHING THE LIFE OF THIS NATION. BY OUR STAND TODAY, WE REAFFIRM OUR COMMITMENT AND THAT OF OUR PARTY GIVEN EARLIER IN THIS SAME HOUSE OF COMMONS BY OUTSTANDING AND DISTINGUISHED CANADIANS SUCH AS THE HON. ROBERT STANFIELD AND THE RIGHT HON. MEMBER FOR YELLOWHEAD (MR. CLARK).

"BILINGUALISM IS A VALUED PRINCIPLE AND AN INDISPENSIBLE DIMENSION OF OUR NATIONAL LIFE. THE PROGRAM, HOWEVER, MUST BE IMPLEMENTED WITH FAIRNESS AND WITH EQUITY. IT IS DIMINISHED IF IT COMES TO BE PERCEIVED BY LARGE NUMBERS OF CANADIANS AS AN INSTRUMENT OF DIVISION OR AN INSTRUMENT OF UNFAIRNESS... WE MUST SEEK TO UNDERSTAND THESE DIFFERENCES BETWEEN CANADIANS AND CONSIDER THEM NOT AS OBSTACLES BUT AS GUIDES TO THE ELABORATION OF SENSIBLE AND REALISTIC POLICIES WHICH WILL ENHANCE RATHER THAN LESSEN THE ATTRACTIVENESS OF SUCH PROGRAMS IN THE MINDS OF ALL CANADIANS. SENSITIVITY TO PEOPLE AND THE PRESUMPTION OF GOOD FAITH SHOULD BE THE HALLMARKS OF IMPLEMENTATION. THEY WILL ENSURE FOR BILINGUALISM A MORE DURABLE CHARACTER AND MORE PERVERSIVE ACCEPTANCE..."

LADIES AND GENTLEMEN, MAY THIS BE A STIMULATING AND REWARDING SYMPOSIUM FOR ALL OF YOU.



President
of the Treasury Board

Président
du Conseil du Trésor

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NOTES FOR A STATEMENT
BY
THE HONOURABLE ROBERT R. DE COTRET
PRESIDENT OF THE TREASURY BOARD
ANNOUNCING MEASURES ON
EMPLOYMENT EQUITY

MARCH 8, 1985





I would like to outline briefly today measures which the government, through the Treasury Board, has taken and will be taking within the Public Service workforce and federal Crown corporations to achieve the goal of employment equity for women, Indigenous people, disabled persons and members of visible minority groups.

I am sure many of you are familiar with the Affirmative Action Program announced by the former government in June 1983. Our government is committed to the goal of affirmative action. However, we are very concerned with the length of time it has taken to achieve any meaningful results.

Under the former government, there has clearly been a lack of a strong political commitment to this end. The current government intends to remedy this weakness -- we intend to make Ministers and government officials more directly accountable for the success of their departmental affirmative action programs.

To this end, the Public Service Affirmative Action Program is awaiting specific plans from departments which will clearly outline methods to implement employment equity in their departments. These plans are to include numerical objectives to improve the representation of the target groups.

The deadline for receiving these reports is the end of March. All reports are to be in the form of a submission to the Treasury Board. As President of the Treasury Board, I can assure you that, this month and next, Treasury Board Ministers will be reviewing departmental submissions thoroughly and intend to call Ministers and their deputies before the Board if their plans are found to be inadequate.

In addition, Ministers of line departments will be requested to be in close contact on an ongoing basis with their officials to ensure timely implementation of these plans and satisfactory results.

There has been criticism in the past of government not responding sufficiently to the funding requirements of the Affirmative Action Program needed for maximum results. A thorough review of the resource situation has been undertaken, and I am prepared to undertake that adequate resources will be provided in the future for this purpose.

Results from the pilot phase of the Affirmative Action Program gave rise to a concern from under-represented groups that the job classification system may have had negative consequences on forward progress in this area.

Therefore, I have instructed Treasury Board officials to initiate a special review to uncover any systemic barriers that may exist in order to ensure that the government classification in no way discriminates against the affirmative action target groups. I have requested a full report on the matter be presented to me by May 1.

These are very necessary first steps and long overdue. While I readily agree that there have been an abundance of studies, I must admit that to date we do not have some of the hard data needed to identify wage gaps and determine what ways job classification is perceived to affect the status of the under-represented. We intend, through these measures, to correct this situation rapidly and allow us as a government to fulfill our overall commitments in a timely manner.

In announcing the Affirmative Action Program, the former government also announced that it would look at the employment situation of visible minorities within the Public Service to determine whether there is a need for corrective action.

I am pleased to announce that the Treasury Board has initiated a survey, to be conducted next month, of all Public Service employees which will give us the kind of information needed so that we can develop reasoned solutions. This survey will also give us information on the employment of Indigenous people and disabled persons within our federal workplace. I am determined to move quickly on processing survey results and developing and implementing corrective actions. The preliminary analysis of the survey results will be completed by the end of June and the implementation of special initiatives to correct identified problems will begin during the summer months.

The government's commitment to the concept of equal pay for work of equal value was stated both during the election campaign and in the Speech from the Throne. In reviewing the record of the past government in implementing this concept within the Public Service, I would have to categorize it as a "fire-fighting" effort. As complaints were made, the Treasury Board Secretariat worked with the Human Rights Commission on resolution. However, what has been lacking is a positive approach.

This government intends to ensure that the principle of equal pay for work of equal value is applied in the federal Public Service. I intend to ensure that the government as employer takes a proactive stance to ensure implementation of equal pay for work of equal value. To that end, I have recently met with representatives of the Public Service unions to invite them to participate in a senior level joint union-management committee to prepare a detailed implementation

plan in the area of equal pay for work of equal value. This approach reflects my commitment on behalf of the government to consult with our unions and to involve them in a meaningful way on matters affecting union-management relations. A preliminary report from this committee will be expected by June 30 of this year.

Treasury Board will also be playing a lead role in the implementation of employment equity by Crown corporations. The Board has played this role in the official languages area and will now assume it in the equal opportunities area.

In order to achieve this objective, all Ministers responsible for Crown corporations will indicate to their corporations that they must take steps immediately to implement employment equity and report on the status of their employment equity activities. These reports will be submitted to the Treasury Board by Ministers responsible for Crown corporations for review and consideration.

As President of the Treasury Board, I will be consulting on an ongoing basis with Ministers and major Crown corporations to establish guidelines and directives in this area and to monitor progress towards the stated goals.

In other areas, we are also reviewing government programs in an effort to make the Public Service working environment more conducive to the employment of women and other target groups.

In terms of child care in the Public Service, Treasury Board Ministers will very shortly be evaluating the pilot daycare centres project with a view to establishing future policy directions in this area.

I have requested a review of our personal harassment policy to determine whether it is achieving its intended result.... the elimination of any type of harassment in the federal workplace.

I am very conscious of the need to increase the involvement of special interest groups in our efforts to achieve employment equity.

I recently met members of my advisory committee on the employment of the disabled. We agreed that this group will now meet three times a year at fixed intervals so that they can constitute an even more valuable forum for regular and meaningful consultation on employment of the disabled within the Public Service. Next month, I will meet with the committee of women's representatives which advises Treasury Board on affirmative action. This is a more fledgling group since it only met once before the change in government. It is my hope that this group will also adopt a schedule of

regular meetings so that the Treasury Board can benefit from its collective expertise in the field of women's issues. I will also be seeking the greater involvement of the national Indigenous associations in the Affirmative Action Program.

I am confident that these measures will enable us to achieve concrete results in the achievement of our commitment to employment equity.

President
of the Treasury Board

Président
du Conseil du Trésor

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STATEMENT BY
THE HONOURABLE ROBERT DE COTRET
PRESIDENT OF THE TREASURY BOARD

ON

IMPROVED ACCESSIBILITY TO FEDERAL FACILITIES
FOR DISABLED PERSONS

JULY 11, 1985





I am pleased to announce that the Treasury Board has approved measures which will further improve access for disabled persons to all buildings owned or leased by the federal government. These measures respond to the amendments to the Canadian Human Rights Act which came into effect April 17, 1985, making it a discriminatory practice to deny disabled persons access to federal facilities.

At present, the government's Barrier Free Design Standard (BFDS) applies only to new government accommodation and is primarily designed for mobility disabilities. Our measures will extend the BFDS to all federal facilities as quickly as possible. In addition, we are expanding the BFDS to accommodate disabilities such as blindness and deafness.

These new measures are both practical and cost-efficient. They require that departments, working within current resource levels, first improve accessibility to facilities that are used by large numbers of members of the public and employees. Departments will improve facilities on a priority basis, starting with new rather than old Crown-owned holdings, and Crown-owned rather than leased. Where facilities are leased, improvements will be made first on those with long-term, rather than short-term, leases.

As a general rule, departments will be expected to ensure facilities are as accessible to disabled persons as they now are to the general public. In addition, we will continue to address the special access needs of disabled persons which may arise from time to time on an individual basis.

The Department of Public Works will play a key role in implementing accessibility improvements and will be responsible for providing ongoing policy advice and technical support to departments regarding the BFDS accessibility improvements. The department has established an Interdepartmental Policy Committee on Accessibility as an information-sharing forum on departments' requirements and their progress in improving accessibility. It has also established an Interdepartmental Technical Committee on Accessibility to review and monitor the further development of the BFDS.

The government has consulted with the Canadian Human Rights Commission, the Advisory Committee on the Employment of the Disabled and representatives of the Public Service unions to ensure that the measures respond as completely as possible to the needs of disabled persons, whether they be public servants or members of the broader Canadian community as a whole.

The Canadian Human Rights Commission, for its part, has expressed its willingness to advise departments on the scope, content and format of plans to improve accessibility to their facilities for disabled persons.

I see this as a very positive step in supporting and strengthening the government's stated commitment to equality of treatment and equality of opportunity for all Canadians. It represents real progress in reaching our long-term goal of providing the most modern means of accessibility for the widest variety of disabilities.

For further information:
Marion C. Brown, (613) 995-6141



President
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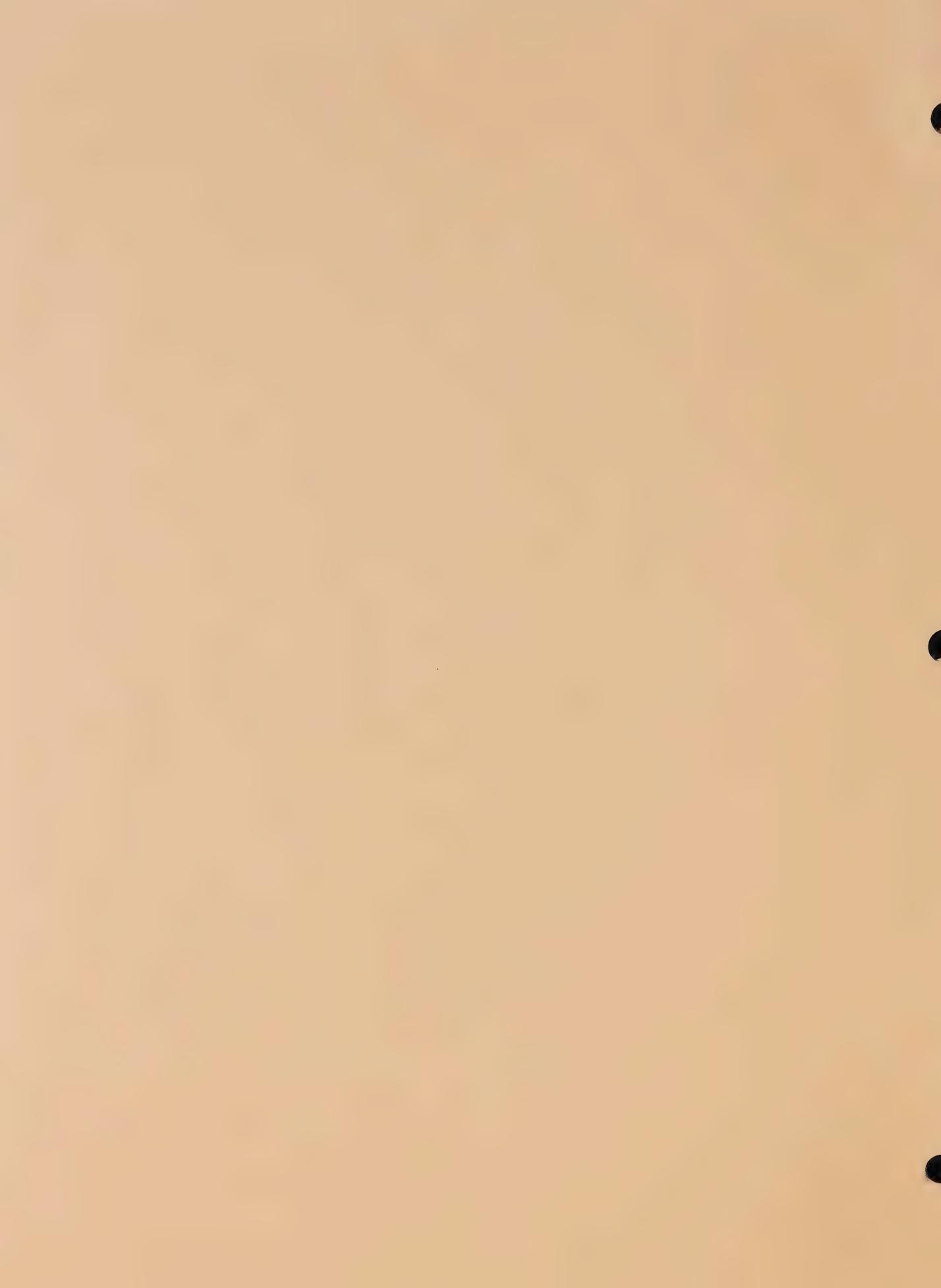
NOTES FOR A STATEMENT
BY
THE HONOURABLE ROBERT DE COTRET
PRESIDENT OF THE TREASURY BOARD
TO
THE HOUSE OF COMMONS
APRIL 17, 1985



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It is with great pleasure that I am able to announce to this House today that the government has reached a general understanding with Public Service unions on a number of important matters of concern to our employees and to Treasury Board as employer. Over the past several months, I have met on a number of occasions with Public Service union representatives in order to discuss these issues, which have been outstanding for years.

The government believes in, and is strongly committed to, a future of cooperation, economic renewal and improved quality of life for all Canadians. We have always believed that the problems facing us can be solved. We know that the federal government itself must be made to work better. We can do better by making the Public Service more efficient, responsive and effective. We can do better by setting new standards of cooperation, by consulting before decisions are made and by developing common goals in resolving important issues. This government's approach can serve as a model for sound, efficient and responsible labour-management relations in Canada.

As a result of the meetings I held with Public Service union representatives, this government has agreed to introduce, in the Public Service, a system of master agreement bargaining, a dental plan, a revised pension plan, and improved work force adjustment procedures.

On the issue of master agreement bargaining, I signed memoranda of understanding last week with representatives of the two major Public Service unions--the Public Service Alliance of Canada and the Professional Institute of the Public Service of Canada. The memoranda provide terms of reference under which it will be possible to negotiate master agreements covering approximately 80 per cent of the terms and conditions of employment found now in individual collective agreements.

Under the present system, negotiated terms and conditions of employment are bargained for each bargaining unit represented by each union. Some of these terms and conditions are unique to a bargaining unit, but, in many cases, similar collective agreement articles can be found in many agreements, often using exactly the same wording. Yet, until now, that article had to be negotiated separately for each collective agreement. In the case of the Alliance, for example, it would be negotiated for each of 39 collective agreements. Under the master agreement bargaining system, such an article would be negotiated only once with the Alliance, at a master table.

As you can see, Mr. Speaker, the master agreement approach to collective bargaining is much more efficient. Not only will we need to spend less time at the bargaining

table, thereby ultimately reducing the cost of the bargaining process, but collective agreements will be easier to administer and interpret.

Any impasses at the master agreement bargaining table will be resolved through a process of binding conciliation. Thus, the right to strike will not apply to items which will be included in master agreements.

Given the wide variety of occupational groups in the Public Service, not all terms and conditions can be negotiated at the master table. This has been recognized in the concept of a second level of negotiation, where individual occupational group collective agreements will be negotiated to cover such clearly monetary items as rates of pay, allowances, hours of work and paid vacation leave.

The second tier, or individual collective agreement bargaining, will operate much as it does today, with individual expiry dates and the usual options of binding arbitration or conciliation/strike to resolve any impasses.

At present, the Public Service Staff Relations Act is structured on the basis of each unit bargaining separately, and the introduction of the master agreement bargaining system will require amendments to the Act. Both parties will benefit substantially from the greater flexibility in the resolution of disputes and the increased efficiency of the new system. The Public Service Staff Relations Act has gone virtually unchanged since its proclamation in 1967, Mr. Speaker, and the government will undertake further consultations with Public Service unions and other interested parties in this regard.

On the subject of Public Service pensions, the government believes that those who belong to the Public Service pension plan should be involved in the decision-making process that affects policy development and administration. We have therefore agreed to a system of joint management. Under this system, a Management Board will be established, headed by an independent chairperson and formed of at least 12 members, with equal representation from the employer and employees. This Board will report to me, as President of the Treasury Board.

It is our intention, Mr. Speaker, to bring the Public Service pension schemes more in line with those of the private sector. As a result, and in response to concerns expressed by employees, the public sector and the Auditor General, we will fund and finance Public Service pension plans in accordance with accepted practices and standards of major employers in the private sector.

- The current indexing will be replaced by an inflation protection feature dependant upon the earnings of the fund.
- The Management Board will review contribution rates and the plan's features periodically and recommend adjustments.
- Unfunded actuarial liabilities resulting from past practices will be amortized within the plan in an orderly fashion, over a period of not less than 25 years. Under the new proposals, benefits will be funded in advance--the fund will not accumulate further actuarial deficits.
- Pension accounts will be credited with interest earnings based on returns achieved in a representative sample of private-sector plans. In all other aspects, the Public Service plans will, as a minimum, generally meet the requirements of the federal Pension Benefits Standards Act.

These changes will require legislative amendments which will be brought before this House following further consultations with the Advisory Committee on the Public Service Superannuation Act.

On the subject of a Public Service dental plan, I have signed an agreement setting out the principles under which a moderate plan will be introduced. A Board of Trustees will be appointed, consisting of an independent chairperson and equal representation from unions and the employer. This Board of Trustees will be responsible for the sound financial administration of the Plan, which is to be self-insured.

Finally, agreement has been reached on improvements to the Work Force Adjustment Policy. The government's policy is that employees whose jobs are no longer required will, as far as possible, be redeployed within the Public Service, with retraining if necessary. Briefly, major improvements to the policy include: the minimum notice to an employee whose job is being abolished will be increased from three months to four, although departments will endeavour to give at least six months' notice; laid-off persons will be eligible for retraining; and those accepting lower-level positions will be provided with up to one year's salary protection.

The understandings reached on these issues, Mr. Speaker, go a long way towards fulfilling the promises we made last summer during the federal election campaign. Two other issues will require further consultation--I have already mentioned one, the amendments to the Public Service

Staff Relations Act; the other involves the political rights of public servants, which needs careful consideration to ensure fairness and equity to all concerned. I am confident that these matters will also be satisfactorily resolved.

The accomplishments of which Canadians are most proud have been achieved through Canadians working together. This government consults, listens and finds creative solutions to national problems. When common interests and objectives are pursued, genuine efforts are made to produce results. The goals and commitments of the Progressive Conservative Government can be achieved because we are determined to enlist Canadians in the search for answers to the challenges facing us.

Mr. Speaker, the initiatives that I have announced today signal a new era in management-union relations at the federal government level. These issues have plagued employer-employee relations for years--yet in the short time that this government has been in power, it has been able to negotiate in a spirit of cooperation to bring about responsible solutions. We will continue in that same spirit, Mr. Speaker, to voice our concerns and listen to the concerns of our employees. We believe that this will ultimately be of great benefit to employees, to the federal government as employer, and to the people of Canada.

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NOTES FOR A STATEMENT

BY

THE HONOURABLE ROBERT R. DE COTRET

PRESIDENT OF THE TREASURY BOARD

ON

TABLING IN THE HOUSE OF COMMONS

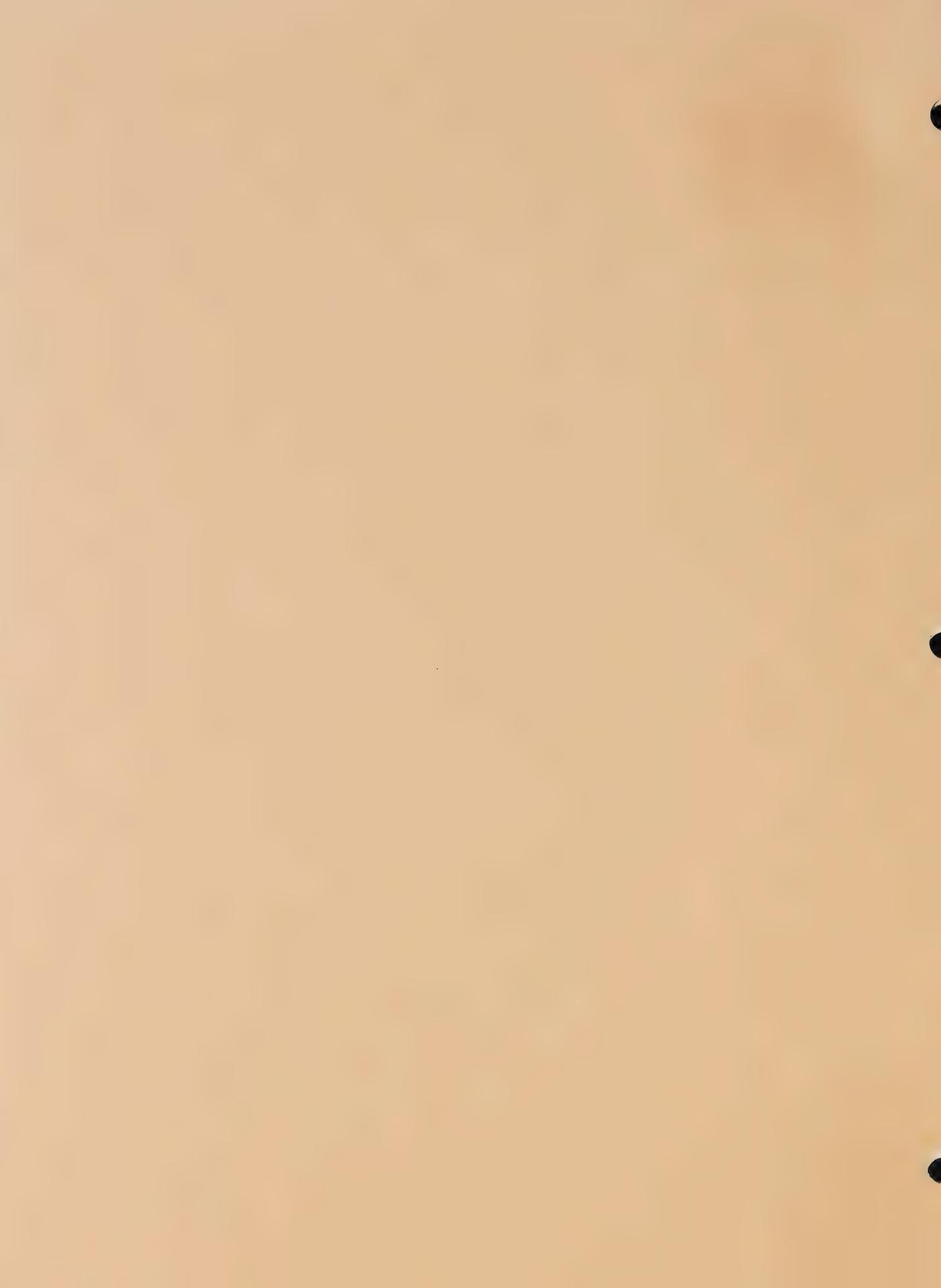
OF THE

1985-86 MAIN ESTIMATES

FEBRUARY 26, 1985

CHECK AGAINST DELIVERY

85/01



Mr. Speaker, I am pleased to table today the 1985-86 Main Estimates, which provide for expenditures of \$103.6 billion, an increase of 7.3 per cent over the previous year's Main Estimates. They represent the government's most up-to-date spending plans for the next fiscal year and are entirely consistent with the planned expenditure levels which my colleague, the Minister of Finance, announced in his Economic and Fiscal Statement of last November.

Those planned spending levels for 1985-86, which include the Main Estimates, the reserves and a provision for the lapse, will total \$105.4 billion, and represent only a 4.7 per cent increase over the current forecast for 1984-85. Mr. Speaker, I am pleased to announce that there has not been a lower rate of growth in 17 years. And if we focus on program outlays, that is excluding public debt charges, the growth in spending levels amounts to just over two per cent--well below the rate of inflation.

This low rate of growth reflects this government's commitment to expenditure restraint, even though we had to work within commitments which were undertaken long before this government came to power. However, I can assure Honourable Members that had this government not intervened to bring about a reduction in expenditure requirements last November, the increase would have been substantially higher.

Before discussing some of the details contained in the Main Estimates, I would like to say a few words about their form, which has evolved in recent years. This year, for the first time, the complete set of Estimates documents is being published in the new format. As a result, parliamentarians will be provided with information which is more mindful of their needs, and more conducive to their understanding of both the overall spending plan and individual departmental spending plans.

Part I, which was first published in 1981-82, analyzes the Main Estimates in relation to the government's overall expenditure plan by policy sector or envelope, at a government-wide level.

Part II, which is commonly referred to as the Blue Book, appears in its new format for the first time. It supports the spending proposals which Parliament will be asked to authorize through an Appropriation Act and provides detailed forecasts for items already approved through existing statutes. The Blue Book is more streamlined than in previous years because it no longer duplicates information which is included elsewhere in the Estimates documents.

Part III of the Estimates is a series of Departmental Expenditure Plans which have been prepared by individual departments and agencies, with guidance from the Office of the Comptroller General, and which I am tabling on behalf of all my Cabinet colleagues. A complete set of Departmental Expenditure Plans is being published this year for the first time, marking the end of the phasing-in period. Each plan outlines what the government expects to achieve as a result of its proposed expenditures in the specific area of activity with which it deals. These detailed plans provide a comprehensive picture of each department's programs, and will be of particular use to the members of the standing committees examining the Main Estimates.

Some of the information has been relocated within the three parts to provide a more logical presentation. For example, much of the government-wide summary information which has traditionally been found in Part II or Blue Book is now dealt with in Part I or Government Expenditure Plan. Also, some of the details related to departmental expenditures which appear in individual Departmental Expenditure Plans are no longer included in the Blue Book. A complete explanation of the new form of the Estimates is provided in chapter 5 of the Government Expenditure Plan.

Since individual Members will likely be more interested in some detailed expenditure plans than others, the Part III documents will not be automatically distributed to all Members. Members will be provided with a list with which to indicate to the Parliamentary Distribution Centre those volumes they would like to have sent to them.

I would now like to turn, Mr. Speaker, to the Main Estimates themselves. As I said at the outset, these Estimates are consistent with the 1985-86 Expenditure Plan announced last November, a plan which includes contingency funds or envelope reserves. These reserves serve two purposes. The first is to cover the cost of initiatives that could not be anticipated in time to include them in the Main Estimates. The second is to cover cost adjustments to existing programs during the fiscal year. In all cases, parliamentary approval is sought through Supplementary Estimates or other legislation for any use made of these reserves.

For 1985-86, the reserves total \$4.6 billion. Setting aside the recently-announced employment initiatives, the reserves for the upcoming year are lower than in previous years--another indication of the government's strong commitment to expenditure restraint.

The Main Estimates component of the total spending plan amounts to \$103.6 billion. Included in this amount is \$37.2 billion which Parliament is being asked to authorize or vote, as well as an estimated \$66.4 billion in previously authorized statutory expenditures. The expenditure reduction initiative taken by this government last November has limited the growth in the annually voted portion of these Main Estimates from those tabled a year ago to two-tenths of one per cent.

The Main Estimates total plus the \$4.6 billion in reserves add up to \$108 billion, but actual spending will be less than that for two reasons. First, one must allow for the amount by which departments and agencies will collectively underspend the levels authorized by Parliament. This underspending, or lapse as it is called, occurs each year because the voted amounts in approved Estimates represent an upper limit beyond which departments and agencies cannot legally spend. Secondly, repayments of loans from previous years which have not been offset against new loans in 1985-86 will reduce actual spending from the total amounts authorized.

The 1985-86 Main Estimates provide for budgetary expenditures of \$102.5 billion--\$8 billion higher than last year's. As I indicated, Mr. Speaker, almost two out of every three dollars that the government spends is due to some legal requirement, that is through federal statutes which determine the basis whereby individuals, businesses and other Canadian governments receive federal assistance. These statutory payments account for virtually all of the increase in budgetary expenditure. I will mention but three forms of payment:

- Public debt charges are up \$5.2 billion or almost two-thirds of the \$8 billion increase, as a result of higher debt levels and higher average interest rates paid on the outstanding debt.
- Major transfer payments to persons are up by \$1.2 billion, mostly because of indexing or other statutory provisions.
- Major transfers to other levels of government in the form of insured health services, post-secondary education, fiscal transfer payments and the Canada Assistance Plan are also up by \$1.2 billion. These are all formula-driven under specific existing Acts.

The combination of these major payments, over which the government has little short-term control, account for \$7.6 billion of the \$8 billion increase.

The government has substantially greater control in the short term over the bulk of the remaining programs. This was made evident last fall, when the government announced a \$4.2 billion deficit reduction package, of which \$3.5 billion represented decreased spending plans.

First, certain programs are being terminated or trimmed back. In the energy field, for example, the Canadian Home Insulation Program will be phased out and the Canada Oil Substitution Program terminated.

Secondly, a number of capital projects have been cancelled.

Thirdly, as a result of its review of defence and foreign aid, the government was able to reduce spending growth in these two areas while still meeting Canada's international commitments.

Fourthly, the government is placing many of its services on a more business-like footing by increasing the price it charges to users. The services affected include such things as the registration fee for patents and airport taxes.

Mr. Speaker, I am pleased to announce that, as a result of the government's intervention last November, the growth in the projected cost of voted or non-statutory programs for 1985-86 has virtually been eliminated. This is a clear indication of the seriousness with which we carry out the task of putting our fiscal house in order and of the leadership role this government has taken in the process of economic renewal.

The 1985-86 Main Estimates reflect the expenditure reduction exercise we undertook last fall. They do not reflect other initiatives the government has or will undertake in its longer-term approach to a sound expenditure policy. The review of the structure of government programs presently being conducted by a task force under the chairmanship of the Deputy Prime Minister will enable us to streamline government operations, which will improve efficiency and productivity in the delivery of existing programs, and undoubtedly yield significant and ongoing savings.

Nor can the present Estimates reflect the benefits that will be derived from the extensive consultations this government has undertaken with other levels of government, industry, labour and other groups and individuals.

Treasury Board has also undertaken a number of initiatives to improve management in the Public Service.

In addition to providing Parliament with spending plans, the tabling of the Main Estimates has traditionally been an occasion to focus on the size of the Public Service, as measured by the number of person-years under the direct control of the Treasury Board.

The 258,222 person-years in these Main Estimates represent an increase of less than one-half of one per cent over the comparably defined 1984-85 Main Estimates figures. This low growth figure is totally consistent with the objective which the government announced last November.

In conclusion, Mr. Speaker, I would like to urge all Honourable Members to read the documents I have tabled today as well as the related media material we are distributing to them. These documents provide a comprehensive picture of these Main Estimates in relation to both overall spending plans and individual departmental programs. Never has more information been given to Parliament on the Main Estimates.

It has been a pleasure for me to table these documents today, especially in view of the fact that the growth in the portion of these Main Estimates which Parliament is being asked to authorize or vote--the non-statutory portion--is virtually zero. These Estimates bring to light the measures this government has been able to take thus far in restoring fiscal responsibility. I believe that they are a concrete step forward in the deficit reduction efforts of this government, and will go a long way towards reassuring Canadians that proper expenditure management and control is being established in the Government of Canada.

President
of the Treasury Board



Président
du Conseil du Trésor

Government
Policy

TEXT OF STATEMENT BY
THE HONOURABLE ROBERT R. DE COTRET
CHAIRMAN OF THE MINISTERIAL TASK FORCE ON PRIVATIZATION
AND PRESIDENT OF THE TREASURY BOARD
ON THE SALE OF TWO CROWN-OWNED CORPORATIONS
MONDAY, DECEMBER 2, 1985

A PRIMARY CONCERN OF THE GOVERNMENT OF CANADA OVER THE PAST 15 MONTHS HAS BEEN TO STIMULATE ECONOMIC GROWTH AND ENCOURAGE BUSINESS ACTIVITY AND JOB CREATION IN ALL PARTS OF THE COUNTRY.

WE HAVE SOUGHT TO FOSTER AN ENVIRONMENT IN WHICH CANADIANS HAVE THE OPPORTUNITY TO VIGOROUSLY PURSUE THEIR INDIVIDUAL ECONOMIC IMPROVEMENT, WHETHER IT BE AS WORKERS, PROFESSIONALS, OR INVESTORS IN THE BUSINESSES OF CANADA.

AS A RESULT, WE ARE WITNESSING STRONG ECONOMIC PERFORMANCE IN CANADA. THIS PERFORMANCE IS EXPRESSED IN INCREASED CAPITAL INVESTMENT, GROWING CONFIDENCE IN THE BUSINESS SECTOR, STRONG CONSUMER DEMAND, AND AN OUTSTANDING RECORD BY CANADA'S EXPORT INDUSTRIES.

THIS PERFORMANCE PROVIDES CLEAR EVIDENCE OF GOOD ECONOMIC MANAGEMENT IN CANADA. A KEY ELEMENT OF THE GOVERNMENT'S COMMITMENT TO GOOD MANAGEMENT IS OUR POLICY FOR THE PRIVATIZATION OF COMMERCIAL CROWN CORPORATIONS WHICH NO LONGER FULFIL A SPECIFIC PUBLIC POLICY PURPOSE.

THE PRIVATIZATION PROGRAM IS PROCEEDING IN A CAREFUL AND BUSINESSLIKE MANNER. TODAY, I WISH TO REPORT ON TWO SIGNIFICANT DEVELOPMENTS THAT UNDERSCORE THE IMPORTANT ROLE PRIVATIZATION WILL PLAY IN SUPPORTING THE ECONOMIC RENEWAL WE ARE WITNESSING IN CANADA.

AT THE OUTSET, I WANT TO MAKE CLEAR OUR CONVICTION THAT PRIVATIZATION WILL STRENGTHEN THE ABILITY OF COMMERCIALLY ORIENTED CROWN CORPORATIONS TO COMPETE IN THE MARKETPLACE. FURTHERMORE, THROUGH BETTER MARKET DISCIPLINE, COMPANY EFFICIENCY WILL BE IMPROVED WITH NEW OPPORTUNITIES FOR INVESTMENT AND GROWTH. BY REDUCING BUREAUCRATIC AND POLITICAL IMPEDIMENTS, THERE WILL BE A MORE EFFECTIVE ALLOCATION OF RESOURCES IN A MORE EFFICIENT MARKET ECONOMY. IN SOME CASES, IT MAY BE POSSIBLE FOR INDIVIDUAL CANADIANS TO BENEFIT DIRECTLY THROUGH INVESTMENT AND PARTICIPATION IN THE OWNERSHIP OF CERTAIN CORPORATIONS.

UNFETTERED BY GOVERNMENT CONTROL, THESE ORGANIZATIONS WILL BUILD THEIR OWN FUTURES IN A WAY THAT WILL BENEFIT BOTH THEIR EMPLOYEES AND THE INVESTORS WHO DEMONSTRATE, BY THEIR FINANCIAL COMMITMENT, THEIR CONFIDENCE IN THE FUTURE OF CANADA.

ABOVE ALL, PRIVATIZATION PROVIDES AN OPPORTUNITY TO FOCUS ON THE RESPECTIVE ROLES OF GOVERNMENT AND THE PRIVATE SECTOR IN GENERATING NEW INDUSTRIAL ACTIVITIES TO FURTHER STRENGTHEN OUR ECONOMIC RENEWAL AND GROWTH.

PRIVATIZATION OF KEY COMMERCIAL CROWN CORPORATIONS PROVIDES AN OPPORTUNITY TO ENSURE THAT MAXIMUM BENEFITS FLOW TO CANADIANS IN TERMS OF JOBS AND NEW INVESTMENT, WHILE REDUCING AS FAR AS POSSIBLE THE RISKS AND COSTS TAXPAYERS

FACE WHEN SUPPORTING COMPANIES THAT PROPERLY BELONG IN THE PRIVATE SECTOR. PRIVATIZATION PROVIDES AN OPPORTUNITY TO DEMONSTRATE THAT THE RESPONSIBILITY OF GOVERNMENT IS NOT TO ACT AS A VENTURE CAPITAL FIRM, BUT TO ESTABLISH THE CLIMATE FOR ECONOMIC GROWTH THAT WILL ENCOURAGE THE PRIVATE SECTOR TO INVEST ITS ENERGIES AND ITS FUNDS IN THE DEVELOPMENT OF A VIGOROUS AND VIBRANT CANADIAN ECONOMY.

A MINISTERIAL TASK FORCE ON PRIVATIZATION, WHICH THE PRIME MINISTER HAS ASKED ME TO CHAIR, HAS THE RESPONSIBILITY OF OVERSEEING THE OVERALL DEVELOPMENT OF THE GOVERNMENT'S PRIVATIZATION STRATEGY. OTHER MEMBERS OF THE TASK FORCE ARE THE HONOURABLE SINCLAIR STEVENS, MINISTER OF REGIONAL INDUSTRIAL EXPANSION; THE HONOURABLE PAT CARNEY, MINISTER OF ENERGY, MINES AND RESOURCES; AND THE HONOURABLE BARBARA McDUGALL, MINISTER OF STATE FOR FINANCE.

THERE ARE MANY IMPORTANT FINANCIAL AND POLICY ISSUES TO BE RESOLVED BEFORE CORPORATIONS CAN BE CONSIDERED VIABLE CANDIDATES FOR PRIVATIZATION. IN ADDITION, ALL THE PUBLIC CONSTITUENCIES MUST BE CONSIDERED TO ENSURE THEIR INTERESTS ARE CAREFULLY TAKEN INTO ACCOUNT. A SPECIFIC PROCESS WAS ESTABLISHED TO MAKE SURE ALL THE CONSIDERATIONS THAT GO WITH GOOD MANAGEMENT ARE ADDRESSED. IT IS NOT THE INTENTION OF THE GOVERNMENT TO SELL AT DISTRESS PRICES; WE MUST ENSURE THAT THE DEAL WE ARE NEGOTIATING IS THE BEST ONE FOR CANADA.

THE PROCESS WHICH THE MINISTERIAL TASK FORCE AGREED TO IS IN THREE STAGES. THE FIRST STAGE INVOLVES A PRELIMINARY EVALUATION OF THE CORPORATION. AFTER APPROVAL BY THE TASK FORCE, THE SECOND STAGE WILL INCLUDE A MORE IN-DEPTH ANALYSIS AND RESOLUTION OF MAJOR FINANCIAL AND POLICY CONSIDERATIONS. THEN, AND ONLY THEN, WILL THE FINAL STAGE BE REACHED IN WHICH THE COMPANIES ARE PUT UP FOR SALE, BIDS ARE REVIEWED AND A PUBLIC ANNOUNCEMENT IS MADE ON THE DIVESTITURE OF THE CORPORATION.

IN FOLLOWING THIS PROCESS, WE HAVE WORKED CLOSELY WITH INDIVIDUAL MINISTERS IN IDENTIFYING OPPORTUNITIES RELATED TO CROWN CORPORATIONS FOR WHICH THE MINISTERS BEAR DIRECT RESPONSIBILITY. LINE MINISTERS ARE ALSO FULLY RESPONSIBLE FOR THE IMPLEMENTATION OF THE PRIVATIZATION PLAN.

IN FULFILMENT OF THIS CREATIVE PHILOSOPHY TO ENCOURAGE ADDED INVESTMENT IN CANADA, THE BUDGET OF MAY 1985 IDENTIFIED A NUMBER OF CROWN HOLDINGS THAT WOULD BE EITHER PUT UP FOR SALE, WOUND UP, OR RETURNED TO DEPARTMENTAL CONTROL.

SINCE THAT TIME, THERE HAS BEEN SIGNIFICANT PROGRESS. AN OMNIBUS BILL WAS PASSED TO WIND UP FOUR REDUNDANT COMPANIES: CANADIAN NATIONAL (WEST INDIES) STEAM SHIPS, URANIUM CANADA, ST. ANTHONY FISHERIES, AND THE SOCIETA SAN SEBASTIANO. PREPARATIONS ARE UNDER WAY TO WIND UP MINGAN ASSOCIATES, AND CANAGREX IS IN THE FINAL STAGE OF BEING DISSOLVED. BOTH LOTO CANADA AND THE CANADIAN SPORTS POOL CORPORATION ARE NOW DEFUNCT. THE CANADA MUSEUMS CONSTRUCTION CORPORATION HAS BEEN INTEGRATED INTO THE PUBLIC WORKS DEPARTMENT AND WILL BE SHORTLY WOUND UP.

THE NORTHERN TRANSPORTATION COMPANY LIMITED WAS SOLD IN JULY 1985 FOR \$27 MILLION TO TWO LOCALLY OWNED AND OPERATED COMPANIES, WITH A COMMITMENT TO MAINTAIN SERVICES TO REMOTE COMMUNITIES OF THE NORTH. IN AUGUST, 23 MILLION SHARES OF THE CANADA DEVELOPMENT CORPORATION WERE SUCCESSFULLY SOLD, WITH AN IMMEDIATE CASH RECEIPT OF \$132 MILLION AND ANOTHER \$132 MILLION TO BE RECEIVED WITHIN 12 MONTHS.

TODAY - AS CHAIRMAN OF THE MINISTERIAL TASK FORCE ON PRIVATIZATION - I AM PLEASED TO ANNOUNCE, ON BEHALF OF THE HONOURABLE SINCLAIR STEVENS, MINISTER OF REGIONAL INDUSTRIAL EXPANSION, THAT AGREEMENT HAS BEEN REACHED TO SELL DE HAVILLAND AIRCRAFT OF CANADA LIMITED TO THE BOEING COMPANY.

I AM Equally PLEASED TO ANNOUNCE, ON BEHALF OF THE HONOURABLE STEWART McINNES, MINISTER OF SUPPLY AND SERVICES, THE SALE OF CANADIAN ARSENALS LIMITED TO THE SNC GROUP.

AND IN BOTH CASES, THIS COULD NOT HAVE BEEN ACCOMPLISHED WITHOUT THE COLLABORATION AND THE LEADERSHIP OF THE TWO MINISTERS RESPONSIBLE, MR. STEVENS FOR DE HAVILLAND, AND MR. McINNES FOR CANADIAN ARSENALS LIMITED. THE DIVESTITURE COMMITTEE OF THE CANADA DEVELOPMENT INVESTMENT CORPORATION ALSO MERITS RECOGNITION FOR ITS HARD WORK AND VITAL CONTRIBUTION IN ARRANGING THE SALE OF DE HAVILLAND.

THE PRIVATIZATION OF DE HAVILLAND AND CANADIAN ARSENALS WILL PROVIDE FURTHER STIMULUS TO THE DEVELOPMENT OF BOTH COMPANIES, WHILE RELIEVING CANADIAN TAXPAYERS OF THE BURDEN OF PAST LEVELS OF SUPPORT AND ENSURING MAXIMUM FUTURE OPPORTUNITIES FOR BOTH EMPLOYEES AND SUPPLIERS.

WHILE DE HAVILLAND AND CANADIAN ARSENALS OCCUPY DISTINCTLY DIFFERENT ROLES IN CANADIAN INDUSTRY, THE PRINCIPLES WHICH HAVE BROUGHT THE GOVERNMENT TO THE DECISION TO PRIVATIZE THESE CORPORATIONS ARE SIMILAR IN BOTH CASES. BOTH THESE SALES MAKE GOOD ECONOMIC SENSE IN TODAY'S MARKETPLACE AND WILL ENSURE THE CORPORATIONS REMAIN ECONOMICALLY VIABLE, INDEED BECOME STRONGER AND MORE COMPETITIVE IN THEIR RESPECTIVE MARKET SECTORS.

THEIR ABILITY TO COMPETE IN THE INTERNATIONAL MARKETPLACE WILL BE ENHANCED, WITH CONTINUED RESEARCH AND DEVELOPMENT AND THE CREATION OF MORE COMPETITIVE, IMPROVED AND DIVERSIFIED PRODUCT LINES TO OFFER TO THEIR DOMESTIC AND FOREIGN CUSTOMERS.

THE AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND BOEING PROVIDES FOR THE SALE OF DE HAVILLAND AT A PRICE OF \$155 MILLION WHICH INCLUDES \$90 MILLION IN CASH UPON CLOSING AND A REPAYABLE NOTE OF \$65 MILLION. THIS NOTE WILL BE DISCHARGED EITHER THROUGH PAYMENTS OVER A PERIOD OF TIME, OR THROUGH THE PURCHASE OF UP TO \$325 MILLION IN CANADIAN GOODS AND SERVICES FOR PURPOSES UNRELATED TO CURRENT DE HAVILLAND OR BOEING OF CANADA PRODUCTS. BOEING IS ALSO COMMITTED TO A SUBSTANTIAL INVESTMENT IN THE UPGRADE AND FURTHER DEVELOPMENT OF EXISTING DOWNSVIEW, ONTARIO, FACILITIES AND DE HAVILLAND PRODUCT LINES.

BY BEING ASSOCIATED WITH BOEING, DE HAVILLAND WILL ENJOY THE BENEFIT OF THAT COMPANY'S GLOBAL MARKETING EXPERTISE AS WELL AS ITS FINANCIAL STRENGTHS. COMBINED WITH DE HAVILLAND'S MANAGEMENT AND ENGINEERING CAPABILITIES, THE SALE WILL ASSURE CANADA OF A STRONG, LONG-TERM AND INTERNATIONALLY COMPETITIVE AEROSPACE INDUSTRY.

DE HAVILLAND'S OWN FUTURE WILL BE PROTECTED THROUGH THE FACT THAT IT WILL ENJOY A WORLD PRODUCT MANDATE WITHIN THE BOEING ORGANIZATION FOR THE MANUFACTURE OF ITS PRESENT PRODUCT LINE... INCLUDING THE DASH-7 AND THE DASH-8, ...AND ALL DERIVATIVES THEREFROM. THIS MEANS THAT DE HAVILLAND WILL BE THE EXCLUSIVE MANUFACTURER FOR BOEING OF ALL COMMUTER

AIRCRAFT IN THE INTERMEDIATE RANGE. THIS MAKES FOR A NATURAL FIT, AS DE HAVILLAND HAS WORLD-CLASS EXPERIENCE WITH STOL AIRCRAFT, AND BOEING IS A WORLD LEADER IN LARGE COMMERCIAL JET AIRCRAFT.

I WISH TO STRESS THAT DE HAVILLAND WILL CONTINUE TO OPERATE OUT OF ITS PRESENT FACILITY AT DOWNSVIEW WITHOUT DIMINISHING EXISTING EMPLOYMENT LEVELS AT BOEING PLANTS IN WINNIPEG, MANITOBA AND ARNPRIOR, ONTARIO. THE ECONOMIC FUTURE IS BRIGHT FOR DE HAVILLAND. I LOOK FORWARD TO THE DAY WHEN DE HAVILLAND WILL BECOME A GENERATOR OF TAX REVENUES FOR THE PEOPLE OF CANADA, IN CONTRAST TO THE LOSSES WHICH HAVE HAD TO BE ABSORBED BY CANADIAN TAXPAYERS OVER THE PAST DECADE.

COMMENTING ON THE AGREEMENT, MR. STEVENS STRESSED HE EXPECTS TO SEE THE DE HAVILLAND OPERATION GROW TO BECOME A MAJOR PLAYER INTERNATIONALLY IN THE WORLD AEROSPACE INDUSTRY. GRADUALLY WE HAVE BEEN MAKING OUR NICHE IN THE WORLD MARKETPLACE, AND WITH THE BENEFIT OF BOEING'S RESOURCES, COUPLED WITH DE HAVILLAND'S WORLDWIDE REPUTATION, WE ARE CONVINCED WE HAVE A WINNING COMBINATION.

MR. STEVENS ALSO POINTED OUT THERE WILL NOW BE GREATER POTENTIAL FOR JOB GROWTH AT DE HAVILLAND. A COMPANY WHICH IS PROFITABLE IS A COMPANY THAT EMPLOYS PEOPLE. FURTHERMORE, ADDITIONAL OPPORTUNITIES FOR SUB-CONTRACTING COMPANIES TO SUPPLY PRODUCTS TO BOEING AND DE HAVILLAND WILL CREATE NEW EMPLOYMENT FROM COAST TO COAST.

THE DE HAVILLAND SALE, I MIGHT ADD, FOLLOWED A YEAR OF INTENSIVE EFFORTS, DURING WHICH OVER 130 PROSPECTIVE BUYERS WERE CONTACTED AND THREE OFFERS TO PURCHASE WERE RECEIVED.

IN ARRIVING AT THE SALE, THE CANADA DEVELOPMENT INVESTMENT CORPORATION HAS BENEFITED FROM THE ADVICE OF THREE LEADING INVESTMENT BANKERS, AS WELL AS ACCOUNTING, LEGAL AND OTHER FINANCIAL COUNSEL. THE MINISTERIAL TASK FORCE, ASSISTED BY THE PRIVATIZATION SECRETARIAT AND SALOMON BROTHERS, REVIEWED ALL THE OFFERS AND AGREED THAT BOEING'S OFFER REPRESENTED BY FAR THE BEST POSSIBLE DEAL FOR CANADIAN TAXPAYERS.

IN REGARD TO OUR SECOND ANNOUNCEMENT AND BY WAY OF BACKGROUND, CANADIAN ARSENALS LIMITED WAS ESTABLISHED AS A CROWN CORPORATION IN 1945 FOR THE PURPOSE OF CONVERTING THE WARTIME MUNITIONS INDUSTRY TO A PEACETIME BASIS. TODAY, WE ARE PLEASED TO ANNOUNCE THAT WE HAVE BEEN ABLE TO ARRANGE THE SALE OF THIS COMPANY TO THE SNC GROUP OF MONTREAL AT A PRICE OF \$92.2 MILLION.

CANADIAN ARSENALS LIMITED IS THE ONLY CROWN-OWNED COMPANY IN THE CANADIAN MUNITIONS INDUSTRY. IT SELLS 90 PER CENT OF ITS PRODUCTION OF MEDIUM- AND LARGE-CALIBRE AMMUNITION TO THE DEPARTMENT OF NATIONAL DEFENCE.

THE SNC GROUP IS A LEADING CANADIAN ENGINEERING, CONSTRUCTION AND MANUFACTURING FIRM HEADQUARTERED IN MONTREAL. SNC IS THE SOLE OWNER OF IVI, INC., THE ONLY MANUFACTURER OF SMALL-CALIBRE AMMUNITION IN CANADA.

SNC'S OFFER HAS BEEN CHOSEN FROM AMONG EIGHT BIDS. ITS OFFER INCLUDED \$87.5 MILLION IN CASH AND ALMOST \$5 MILLION TO DISCHARGE THE DEBT OWING TO THE GOVERNMENT OF CANADA.

SNC IS OWNED BY 500 OF ITS 4,000 EMPLOYEES. SNC HAS AGREED TO SIGN A RECIPROCAL TRANSFER AGREEMENT TO ENSURE PORTABILITY OF EMPLOYEE PENSION RIGHTS AND TO OBSERVE THE TERMS OF THE COLLECTIVE AGREEMENT RECENTLY RATIFIED BY THE EMPLOYEES, UNTIL SUCH TIME AS A NEW AGREEMENT IS REACHED PURSUANT TO PROVINCIAL LEGISLATION.

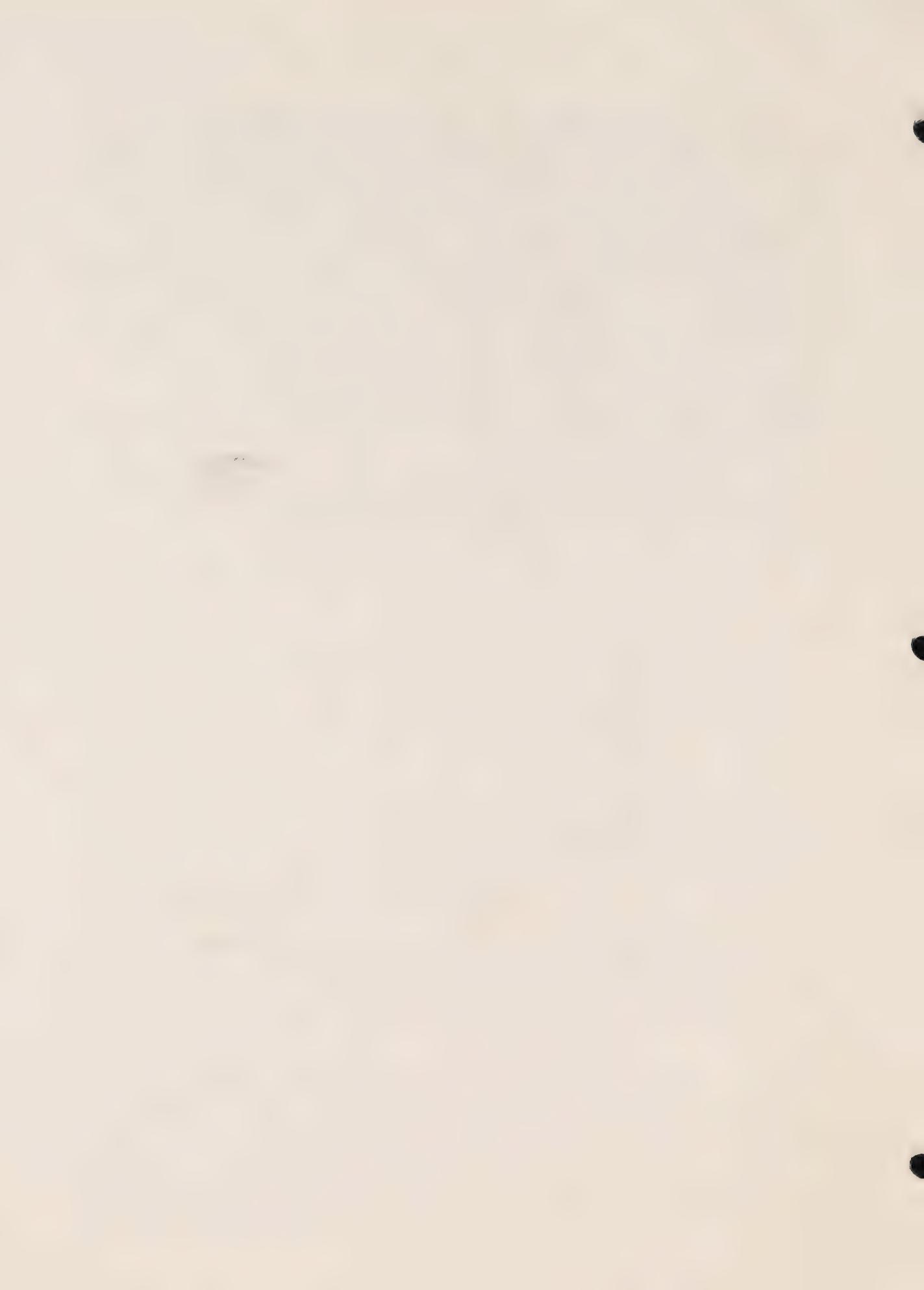
DISCUSSING THE SALE, MR. MCINNES UNDERLINED THAT THIS IS A GOOD DEAL FOR ALL PARTIES CONCERNED, INCLUDING THE PRIVATE SECTOR AND THE EMPLOYEES OF CANADIAN ARSENALS. THE COMPETITIVE PROCESS HAS ACHIEVED THE BEST RESULTS FOR BOTH THE GOVERNMENT AND THE TAXPAYER. IN ADDITION TO OFFERING THE HIGHEST BID, SNC, AS MR. MCINNES POINTS OUT, CAN CONTRIBUTE SUBSTANTIALLY TOWARD MAKING CANADIAN ARSENALS AN AGENT OF GROWTH AND INCREASED EFFICIENCY IN THE CANADIAN AMMUNITION INDUSTRY. INDEED, THROUGH THIS SALE THE CANADIAN AMMUNITION INDUSTRY CAN BECOME INTERNATIONALLY COMPETITIVE, MAKING POSSIBLE INCREASED SALES TO OUR NATO PARTNERS.

THERE ARE INFORMATION KITS AVAILABLE, AND WE WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

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President
of the Treasury Board

Président
du Conseil du Trésor

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NOTES FOR A STATEMENT

BY

THE HONOURABLE ROBERT R. DE COTRET
PRESIDENT OF THE TREASURY BOARD

ON

TABLING IN THE HOUSE OF COMMONS
OF THE 1986-87 MAIN ESTIMATES

FEBRUARY 27, 1986

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86/09



Mr. Speaker:

I am pleased to table the 1986-87 Main Estimates, which total \$107 billion, a budgetary increase of 4.4 per cent over the 1985-86 Main Estimates. With the announcement yesterday by the Minister of Finance of a further \$500 million reduction in spending next year--not reflected in these Estimates--the rate of growth declines to 3.9 per cent. This represents the lowest growth rate of the Main Estimates in 24 years.

Of the total Main Estimates, roughly two-thirds or \$69.5 billion, represents expenditures made in accordance with existing legislation, while the remaining \$37.5 billion represents expenditures which Parliament is being asked to vote or authorize.

Mr. Speaker, it is this \$37.5 billion over which the government has the most direct control in the short and medium term, and which most clearly indicates that the government is determined to cut costs. I am pleased to announce that, for the second year in a row, the rate of growth in these expenditures is virtually zero. Taking into account the \$500 million reduction, this growth rate is only 0.2 per cent, the same as last year. It is the first time since the immediate post-Korean War period that such a low rate of growth in the government's operating expenditures has been achieved two years in a row.

This very modest growth rate stands in sharp contrast to what this country has seen in the past. Indeed, over the period 1970 to 1984, the average annual growth rate in the voted portion of the Main Estimates well exceeded 10 per cent, and in fiscal year 1975-76 even reached a high of 36.8 per cent. It was no coincidence that such a situation prompted the then Auditor General to declare in his report for the fiscal year ended March 31, 1976 that: "...Parliament--and indeed the Government--has lost or is close to losing, effective control of the public purse."

Mr. Speaker, I have commented on the low rate of growth in voted expenditures. I should add that this has been achieved despite significant increases in national defence and foreign aid to respect our international commitments. Expenditures in all other operational areas of government, after taking account of the \$500 million reduction, are declining by an average 4.2 per cent, building on last year's decrease of 2.0 per cent.

This government is totally committed to a program of responsible expenditure restraint. Last year, when I tabled the Main Estimates, we were expecting that total expenditures for 1985-86, including both Main Estimates and Supplementary Estimates, would be \$105 billion. Despite having had to deal with a number of significant, unforeseen expenditures, the government is now forecasting actual expenditures for 1985-86 at less than \$104 billion. Not since 1979-80 have total expenditures been under their announced target levels.

This achievement was made possible as a result of a series of major undertakings over the past 18 months on a number of fronts, all designed to fulfil the government's goal of managing the public sector more efficiently and more effectively, of doing more with less. All of this without reducing the high quality of our service to the public. More specifically, Mr. Speaker, these low-growth Main Estimates result from the tough measures we have undertaken to reduce government spending. During this time, the government has:

- streamlined or eliminated a number of costly or out-dated programs such as the Canada Oil Substitution Program, reduced business subsidies provided through DRIE, and phased-out Canagrex;
- reduced subsidies to many Crown corporations, and privatized others;
- eliminated the provision for inflation in government operating budgets;
- developed new cash management policies to reduce borrowing;
- improved the management and control of Crown real estate; and,
- implemented a 5-year program to reduce the size and cost of the Public Service.

On this last point, Mr. Speaker, the Estimates I tabled today show a reduction of some 5,500 person-years, or 2.1 per cent from the previous year. This alone will save \$150 million in 1986-87. By 1990, the reduction will total 15,000 person-years, and the accumulated savings to taxpayers will be \$1.5 billion, with recurring annual savings of about \$500 million. As I have indicated on other occasions, every effort is being made to minimize the effect on employees, and layoffs, if any, will be kept to a minimum.

In total, the measures we have taken will reduce planned expenditures or generate additional non-tax revenues by an estimated \$6 billion in 1985-86 and a further \$8 billion in 1986-87 from those anticipated when this government assumed office. I might add that they have not been achieved through mindless slashing, and every effort has been made to carefully identify areas of restraint.

As I noted previously, the Minister of Finance yesterday announced a \$500 million reduction to 1986-87 expenditure levels. The Treasury Board is advising departments of the reduced spending levels. Enough flexibility has been built in so as not to affect areas of health, safety and security, services to the public or programs targeted to people in need. For this reason, reductions, while varying from one department to another, will overall average two per cent of voted expenditures.

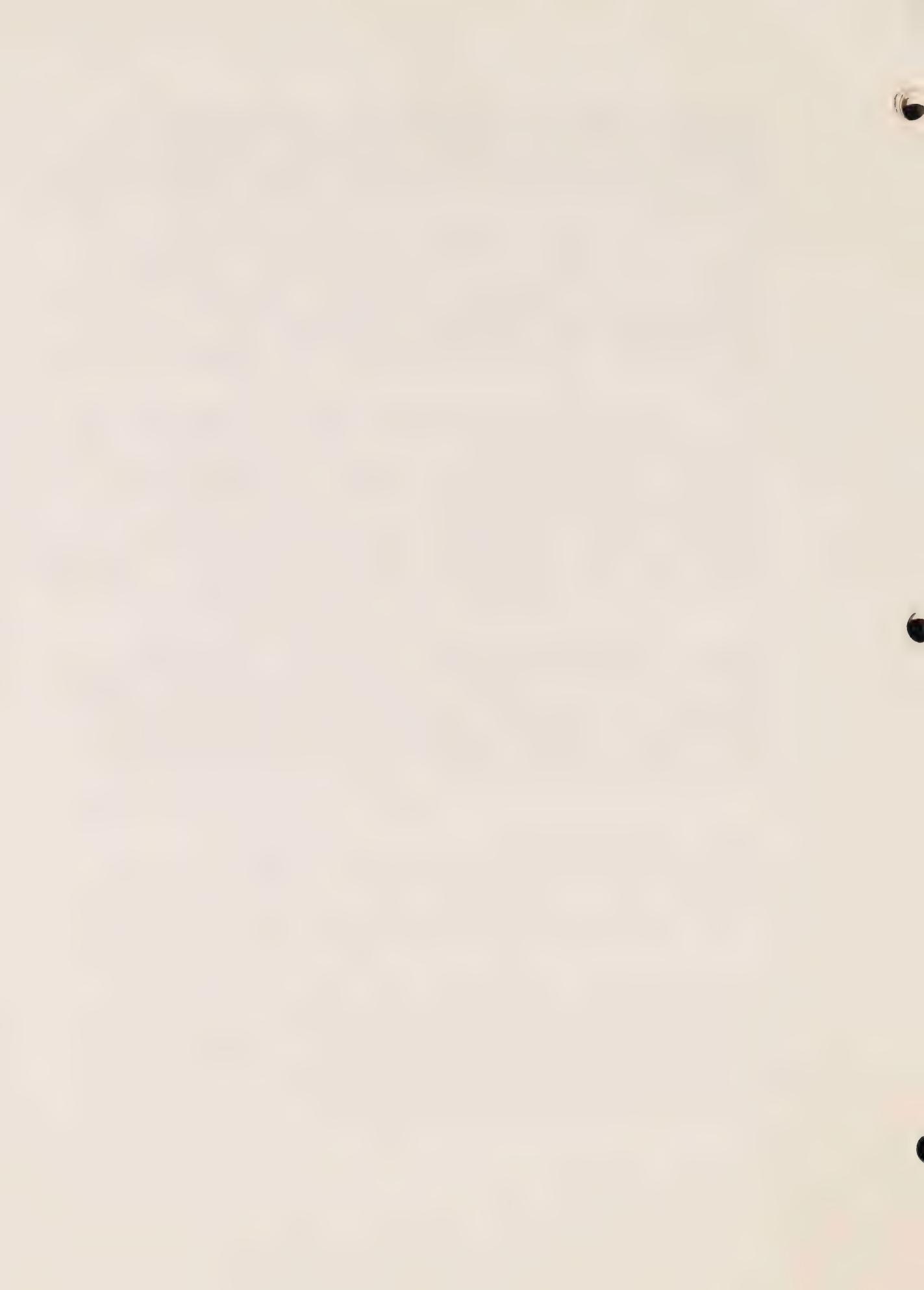
The implementation of these measures has not been easy, Mr. Speaker. Our success to date reflects the determination of all my colleagues. It also reflects the strong support of senior managers. We will all be challenged even further as expenditure management continues to be a major element of this government's strategy to bring the deficit under control.

Mr. Speaker, we realize we have put and are putting a heavy burden on our managers and they have responded well. Yesterday, the Minister of Finance announced that this year, there will be no regular annual increase in the salaries of the Deputy Ministers, Assistant Deputy Ministers, and equivalent political staff. For the lower levels of the management category, salary ranges will be increased by up to two per cent only.

We felt that this measure was essential to demonstrate the seriousness of our fiscal position. I am pleased to be able to say, however, that we shall continue to reward performance in our Management Category. I shall soon announce a new feature in our management compensation package, a productivity bonus, which will reward those managers and departments that meet and exceed their expenditure reduction targets while achieving their other program and policy goals. There will now be an inducement to rational economies with an appropriate reward system. It is our intention to reward excellence in management in a manner never before attempted in the federal Public Service.

In summary, Mr. Speaker, the last 18 months of sound management and planned expenditure reduction have produced unparalleled results. The Estimates which I tabled today illustrate an exceptional degree of success in carrying out the government's strategy. The manner in which we will continue to apply restraint, the manner in which we will continue to improve management efficiency and effectiveness, are clear indications of the strong and consistent leadership of this government.

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President
of the Treasury Board

Président
du Conseil du Trésor

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NOTES FOR A STATEMENT
BY
THE HONOURABLE ROBERT DE COTRET
PRESIDENT OF THE TREASURY BOARD
ON
TABLING IN THE HOUSE OF COMMONS
OF THE 1987-88 MAIN ESTIMATES
MARCH 2, 1987



CHECK AGAINST DELIVERY

87/02

Canada



Mr. Speaker, I am pleased to table today the Main Estimates for 1987-88, this being the third set of Estimates that I have presented on behalf of the government. These Main Estimates, which amount to \$110.1 billion in budgetary spending, are yet another example of the success of our sustained efforts to curb uncontrolled growth in public spending.

I have also tabled today a special Supplementary Estimate for 1987-88 in the amount of \$700 million, to provide for the balance of the payments committed to grain farmers under the special Canadian Grains Program. This item was specifically not included in these Main Estimates because the government has undertaken to disburse this money well before full supply would be available on these Main Estimates. The Supplementary Estimate will provide for appropriate parliamentary review as well as the voting of full supply on this item by the end of this month.

Mr. Speaker, the 1987-1988 budgetary Main Estimates are 2.9 per cent higher than those tabled for 1986-87. However, you will recall that when I tabled the 1986-87 Main Estimates last year, I pointed out that a \$500 million expenditure reduction, announced by the Minister of Finance the day before in his Budget, was not reflected in those Estimates. Thus, after making an adjustment for this item, as well as for the increase in the special Canadian Grains Program, the year-over-year growth in these Main Estimates amounts to 3.8 per cent, slightly lower than last year, lower than the rate of inflation, and lower than it has been since 1962.

This marks the third year in succession that this government has tabled a set of Main Estimates where the growth rate has declined, Mr. Speaker. No government has been able to make this claim in almost two decades. We can be justifiably proud of this record, as it demonstrates clearly our sustained commitment to controlling spending and reducing the deficit.

The extent of this commitment, Mr. Speaker, is illustrated by an examination of major elements of these Main Estimates. \$72.3 billion, representing two-thirds of the total, will be spent on statutory programs, that is, spending governed by separate legislation. They include, for example, payments to the elderly by Health and Welfare Canada which will amount to some \$14.6 billion in 1987-88 - the largest single item in these Estimates next to public debt charges. They also include family allowances, the Canada Assistance Plan, fiscal transfers to the provinces, municipal grants and a variety of agricultural and transportation subsidies. Overall, statutory Estimates are \$2.8 billion or 4 per cent higher than last year's.

The remaining \$37.8 billion, or one-third of total Main Estimates, represents expenditures which Parliament will be asked explicitly to authorize for the upcoming year. The government can, in general, exercise greater discretion over these latter "voted" expenditures. Indeed, it is this category of spending on which the government has focused many of its expenditure restraint measures. As a result,

the annual increase in the voted portion of Main Estimates will be 3.4 per cent over last year. This is the third year in a row in which this growth rate has been less than inflation. Over the past three years the rate of growth has averaged only 1.3 per cent. This is the best performance since the three-year period at the beginning of the 1960s, Mr. Speaker.

Despite this continued commitment to expenditure restraint, the government has made provision in these Estimates for increases to such important priorities as programs for aboriginal peoples, veterans, defence, external affairs and foreign aid.

Included in these Main Estimates is some \$2 billion to fund programs for our aboriginal people in such areas as education, social development, capital facilities and community services. In addition, \$700 million is to be transferred to the territorial governments to assist them in providing services to residents of the North. And veterans' pensions and allowances and health services purchased on behalf of veterans amount to \$1.4 billion in these Main Estimates. The increases in the Main Estimates allocations for these social programs total almost \$300 million, an increase of over 7 per cent from a year ago.

There is also significant growth in External Affairs and Aid expenditures reflecting increases in bilateral development assistance, increases in payments to international financial institutions, and contributions toward the cost of development assistance undertakings by Canadian and international non-governmental organizations. Altogether, the increase in voted Estimates for these activities is \$290 million or 10.6 per cent.

The Main Estimates allocation for Defence is \$10.3 billion, 92 per cent of which is "voted" expenditures. This voted portion is fully one-quarter of total voted Estimates. Personnel costs represent about 44 per cent of Defence spending, with another quarter of the Defence budget earmarked for capital spending for such items as the CF-18 fighter aircraft, the Canadian Patrol Frigate, the North American Air Defence modernization and the Tribal Class update and modernization programs.

Overall spending on Defence, External Affairs and Aid increases by over \$700 million in these Main Estimates, reflecting the priority assigned to international commitments in these areas.

These increases in priority spending have been achieved through internal reallocation, which has allowed the government to limit the growth rate in voted appropriations to 3.4 per cent for 1987-88.

As honourable members are aware, Mr. Speaker, prudent fiscal planning requires that a government set aside reserves within its overall fiscal plan to accommodate unanticipated requirements that may arise in the course of the year - a bit like a family which puts something aside for a rainy day. To the extent these reserves are allocated, they will appear in the form of Supplementary Estimates items which are presented to Parliament for review and approval. As part of its restraint

effort, the government has reduced and more rigorously controlled access to the reserves set aside for contingency purposes. The impact of this will be demonstrated later this week when I table the final Supplementary Estimates for 1986-87. At that time it will be noted that total Supplementary Estimates for the current year will amount to less than 2 per cent of 1986-87 Main Estimates - the lowest percentage since 1968-69.

Members will recall that from the very beginning this government has committed itself to the pursuit of productive management in the federal public sector. Disciplined management has been a consistent theme of the government's various restraint measures and Budget statements. Through the introduction of productive management policies and actions we have sought to create an environment and institutional momentum within the Public Service which stress efficiency, innovation and value for money in the delivery of federal programs and services.

The fruits of these efforts are reflected in the 1987-88 Main Estimates, Mr. Speaker. An examination of the payment distribution of these Estimates shows that the non-defence operating and capital spending is marginally lower in the 1987-88 Main Estimates than it was in 1984-85. Taking inflation into account, this is a reduction of just over 12 per cent over this period.

This is a significant achievement, Mr. Speaker, especially if one notes that spending on wages and salaries, the major portion of these costs, is in large part governed by collective agreements, and that the increased costs of negotiated wage settlements have averaged approximately 3 1/2 per cent per annum. I might also note that the open approach taken by this government to labour relations in the Public Service, including the introduction of Master Agreements and the negotiation of responsible and fair wage settlements, has greatly facilitated the government's efforts to contain expenditures while maintaining essential services to the public. These efforts have also meant that Public Service managers are being continually challenged to deliver government programs with fewer human and financial resources, and to accommodate an expanding clientele and rising workload through efficiency gains, productivity improvements and imaginative use of alternative production and delivery techniques.

Mr. Speaker, I just mentioned that Public Service managers are employing fewer human resources in program operations. You will recall that in his May 1985 Budget statement the Minister of Finance announced the government's intention to reduce the size of the Public Service by 15,000 person-years over five years beginning with the 1986-87 fiscal year. Consistent with this commitment, the 1986-87 Main Estimates tabled last year showed a reduction of some 5,500 person-years compared to the previous year.

The Main Estimates I tabled today show a further reduction of almost 3,100 person-years. I can therefore report that the government is squarely on track in achieving its five-year target, with more than half of the planned reductions already obtained. Indeed, measured on a comparable basis, the number of authorized person-years reported in these Main Estimates is the lowest since the 1980-81 Main Estimates. And with the completion of this program in 1990-91, the number of person-years will be comparable to that of pre-1975 levels.

At the same time, the government's innovative Work Force Adjustment Policy, which was strengthened in 1985 in consultation with the Public Service unions, has been vigorously applied in a concerted effort to minimize the impact on individual employees affected by the person-year reduction measures.

In May 1986, I announced that the government was confident that the majority of affected employees could be redeployed within the Public Service. I also forecasted that no more than 500 Public Service employees would be laid off as a result of the first year of the person-year reductions.

With the fiscal year drawing to a close, I remain confident as to the accuracy of that forecast, and I will be reporting more fully to Parliament when the final results are available in April. Honourable Members can be assured that the same strong effort to minimize layoffs will continue throughout 1987-88 and future years.

I have referred in my remarks, Mr. Speaker, to the notable contributions made by Public Service managers to the government's restraint efforts. When I tabled the 1986-87 Main Estimates last year, I stated that a productivity bonus was being developed as a new feature of the government's management compensation package. Such a feature would serve to reward managers for meeting or exceeding expenditure reduction targets while still achieving their other program and policy goals.

A final decision on implementation of the productivity bonus had to wait for an assessment of 1986-87 performance. As the Minister of Finance reported in his Budget last month, the government's record on expenditure management has been exceptional. The full \$500 million expenditure reduction announced in the February 1986 Budget has been identified and implemented. As I have already noted, person-year reduction goals have been fully achieved and in some cases are ahead of schedule. And steady progress has been made in other key government initiatives such as improved cash management, increased cost recovery, continued privatization of Crown corporations and reduced overhead and other administrative costs.

The Treasury Board has concluded that senior Public Service managers have been instrumental in the realization of these improvements, and has approved a productivity bonus for its senior managers of from 1-to-1.5 per cent for the fiscal year ending March 31, 1987. The total estimated cost of this bonus is \$4.5 million.

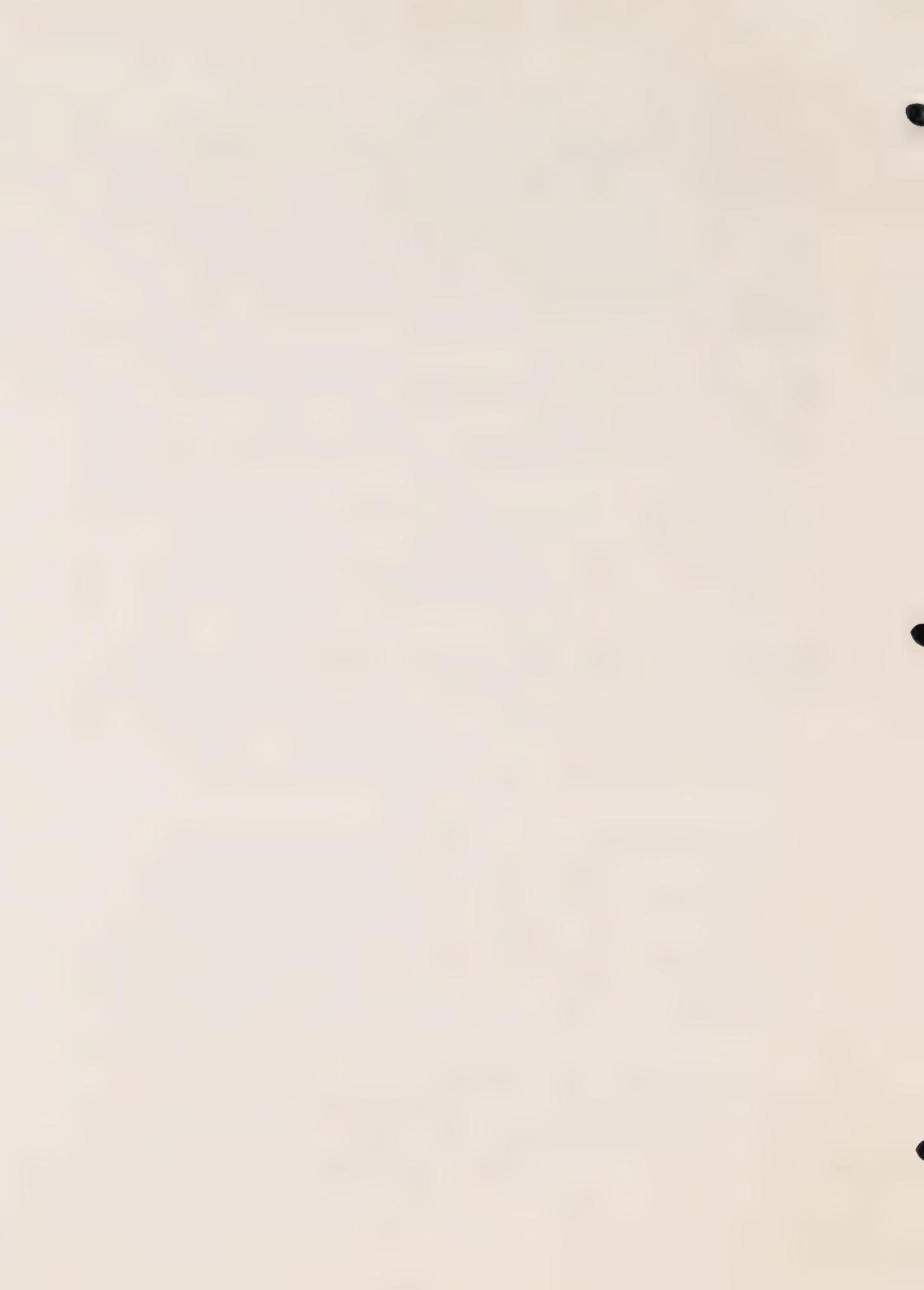
To further demonstrate its commitment to management excellence, the Treasury Board has also authorized an increase, to \$10,000, of the maximum value of the Outstanding Achievement Award. This Award, which consists of a citation and a Canadian work of art, can be given annually to up to five senior level public servants who are selected by a six-member panel of Canadians appointed from outside the Public Service. The award was first introduced in 1966. The increase in this award is another clear signal of the importance the government attaches to fostering and rewarding exceptional performance by Public Service managers.

In summary, Mr. Speaker, I believe that the Main Estimates tabled today represent a further significant contribution to the government's record on expenditure management:

- this is the third consecutive year that the growth rate in Main Estimates has declined;
- the rate of growth in 1987-88 Main Estimates is the lowest increase in a quarter century;
- the size of the Public Service in 1987-88 will be at its lowest level since 1980-81.

This track record clearly reflects this government's strong commitment to sound management, and to the operation of an efficient and effective Public Service while maintaining and even expanding programs that serve the real needs of Canadians.

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of the Treasury Board

Président
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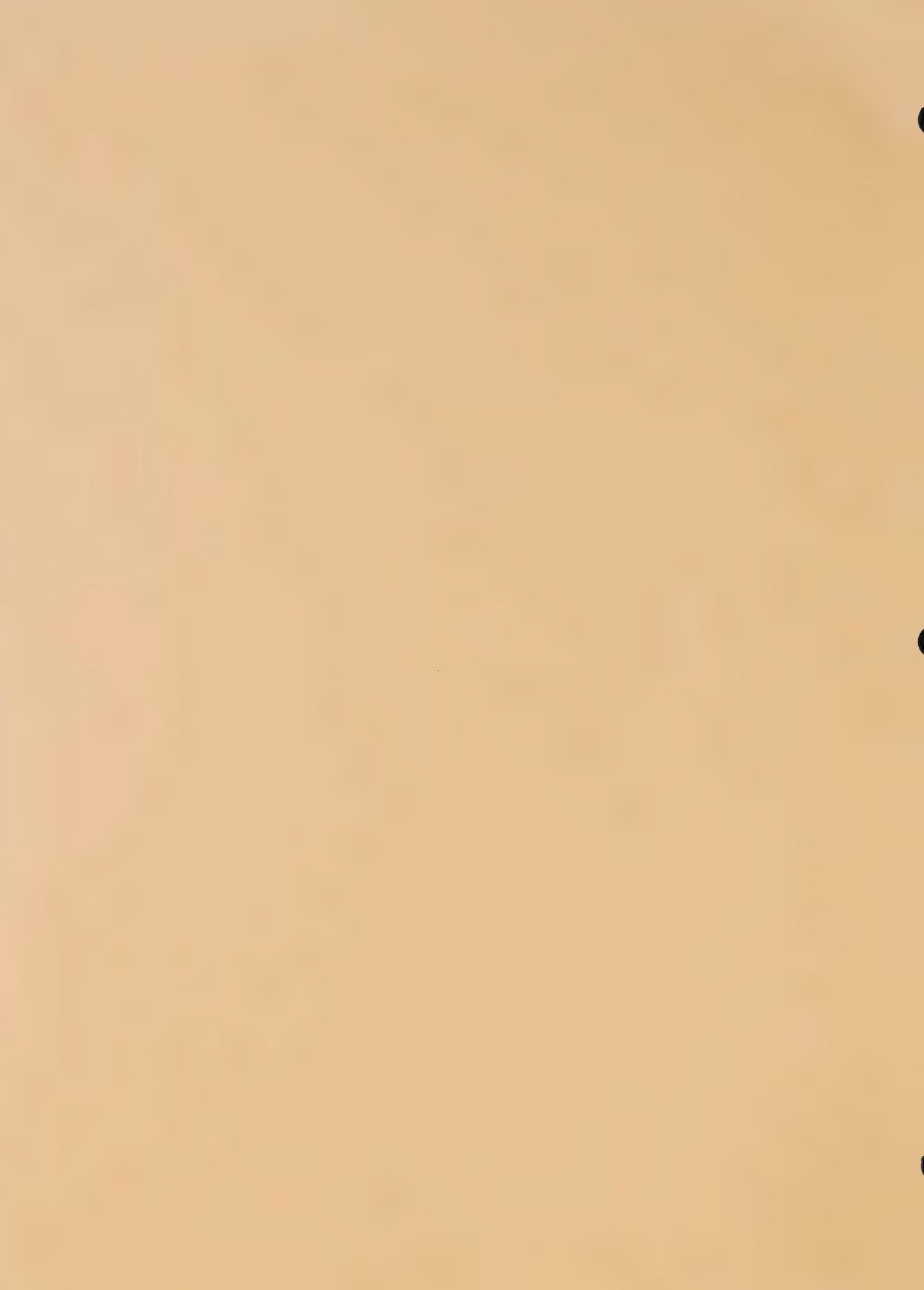
NOTES FOR A STATEMENT
BY
THE HONOURABLE ROBERT DE COTRET
PRESIDENT OF THE TREASURY BOARD
ON
ECONOMIC DEVELOPMENT AND ENTREPRENEURSHIP
AT THE CONFERENCE OF THE
ASSOCIATION CANADIENNE-FRANÇAISE POUR L'AVANCEMENT DES SCIENCES

MAY 21, 1987



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I was very happy to accept this invitation to speak to you today. I would like to applaud the organizers of this conference for selecting "Entrepreneurship" as their theme. It proves what I have always believed: not only are academics capable of pushing back the frontiers of knowledge, they have a keen interest in the more practical aspects of economic development. In fact, over the years, the academic milieu has contributed very substantially to economic development. Universities have led the way in research and development; they have transferred valuable new knowledge to the private sector; they have provided important training facilities to both employers and employees. Nevertheless, we often overlook the important contribution universities have made to our economic well being.

I applaud your decision to focus on "entrepreneurship" for a variety of reasons. As some of you may know, I chair the cabinet committee on economic and regional development. This committee co-ordinates the policies and programs of the various economic development departments. We work in close co-operation with the provinces, the private sector and higher education to put in place measures that will spur economic development. We can now point to success stories in all sectors and in all regions of this country. For example, under federal-provincial economic development agreements alone, more than 100 projects involving two-and-a-half billion dollars in federal funds have been carried out in recent years across Canada, in the fields of fisheries, agriculture, forestry, high tech, tourism and small-business.

If there is one area that in my view holds strong promise for self-sustaining economic development, particularly in the slower growth regions, it is entrepreneurship. We all know the statistics. More than 90 per cent of Canadian firms have fewer than 50 employees, and small business accounts for about 40 per cent of all goods and services in Canada. Over 70 per cent of all new employment created over the last few years has been created by small businesses--businesses with twenty or fewer employees. I would add that something like twenty per cent of these new jobs have been created by new businesses--by entrepreneurs starting up a business venture.

Interestingly, the potential of entrepreneurship for economic development knows no regional boundaries. It holds as much promise for economic development in Corner Brook, Bathurst or Rimouski as it does in Toronto and Montreal. And entrepreneurship does not discriminate in terms of sex or race. In fact, recent studies indicate that women have been particularly adept at launching new, small businesses. A recent Canadian study found that over 20 per cent of the entrepreneurs that have started new businesses since 1979 have been women. This figure is several percentage points higher than the figure for other nations where similar studies have been carried out. Studies also suggest that a high proportion of new entrepreneurs in Canada are either immigrants or first generation Canadians.

Given current economic circumstances, it is, in my view, very important that we promote entrepreneurship in slow-growth regions, the peripheral regions, for instance, far from the large urban centres.

Slow-growth regions have difficulty in attracting outside investments, notwithstanding generous government incentives. Past disappointments, however, will not deter us from searching for increased investments for these regions. That said, we recognize that the task will not be easy.

The local entrepreneur, however, holds more promise. He or she knows the community, its labour force, and its potential, far better than anyone else. In Atlantic Canada, for example, a local entrepreneur a few years saw an opportunity in manufacturing mini-fridges for hotel rooms. Today, his product is sold all over North America--in Vancouver, Los Angeles and Miami, and he is exploring possible new market opportunities in Europe.

In La Beauce region, many small but highly successful businesses have been, and continue to be, launched by local entrepreneurs. That region remains a model to other regions interested in promoting a culture of entrepreneurship. Many of the small businesses started in La Beauce have not remained small. They have grown considerably. Today, they provide important and stable employment opportunities to the region. One excellent example is Vachon; another is Canam-Manac.

We recognize the important role that local entrepreneurs play in economic development, and we have already taken measures to strengthen entrepreneurship. In fact, shortly after coming to office, we put in place a number of measures designed to reduce the paperwork and red tape and to improve liaison generally between government and small businesses. More recently, new measures to help entrepreneurs were unveiled last fall in the speech from the Throne: we announced measures to improve procurement procedures, to strengthen the unsolicited proposals program for small companies and entrepreneurs, to increase technology transfer from government laboratories, and to develop new initiatives to promote entrepreneurship among youth. Capitalization of small businesses was made easier through measures announced in two successive budgets.

We firmly believe that handing out cash grants is not the only way to encourage small businesses. That is why we decided, for example, to revise our procurement procedures to give small firms a better chance to compete for government business. Many customers hesitate to make one- or two-person companies their exclusive suppliers; a government procurement contract can be the decisive factor that allows these companies to expand and compete outside its own community.

Past efforts having been less effective than expected, the government announced in the last Speech from the Throne that it is re-orienting its regional development efforts. We are resolved to place the emphasis on local strengths and come forward with initiatives that are more sensitive to local conditions and opportunities.

We recognize that local entrepreneurs and local businesses are committed to their regions. They have deep roots in their communities and are there to stay. We also saw from the last recession that local businesses were able to weather the economic downturn relatively well. Even in the darkest days of the recession in the early 1980s, small businesses were opening up faster than they were closing.

There is no doubt in my mind that we adopted the right approach in placing added emphasis on the local business community to pave the way for launching self-sustaining and lasting economic activity. In my travels across Canada I have seen a new self-confidence, a new determination among entrepreneurs and would-be entrepreneurs in all regions of this country. Take Atlantic Canada for instance: le Conseil économique du Nouveau-Brunswick, launched several years ago by a handful of business people, today has close to one thousand members and sponsors highly successful activities for promoting economic development. It regularly organizes workshops for the business community, sponsors business-week activities, and selects an entrepreneur of the year, to name just a few.

The lesson to be drawn from this is that local business communities are taking more and more responsibility for their own development. They know that if their communities and their regions are to prosper they will have to provide the imagination, the energy and the skills to conceive and implement new economic activity. They recognize that economic prosperity cannot be imported from outside and that governments can no longer be expected simply to throw money at the problem. A concrete example of this is the lead that many municipalities and local business groups have taken in setting up small business incubators, where the accent is often on high technology.

Provincial governments have also recognized the importance of entrepreneurs in promoting economic development. Many have put new structures in place to assist small businesses in dealing with governments. New programs have also been launched to encourage entrepreneurs to come forward with proposals.

But governments can only go so far in helping entrepreneurs. The academic community can play a greater role. In fact, I would go further than that. The role of the university in promoting entrepreneurship can be more important than the role of government. Universities can provide leadership, training, and research and development facilities to to foster an entrepreneurial culture.

Universities have contributed in this way in the past, but there is every reason to believe that a great deal more could be accomplished. We are very fortunate in Canada. Our universities are geographically dispersed: all regions and most communities have access to their resources. However, I am aware of several surveys on the career aspirations of university students that suggest that far more could be done to promote entrepreneurship as a career option. In business schools in central Canada, where survey results are more promising than elsewhere, over half the students entering business programs express the hope of owning a business some day. But as these students progress through their studies, their interest in eventually owning their own business diminishes. By the time they complete their studies, only five per cent remain interested in starting their own business. I wonder, do business school curricula, which usually focus on managing larger organizations, frequently discount entrepreneurship? And I want to underline that we are talking here about business students, not students majoring in political science, public administration and sociology, who might more naturally gravitate towards a career in government.

A cursory look at business programs in Canadian universities is revealing here: you find a course on small business here and there but nowhere do you find a strong emphasis on small business and entrepreneurship. Yet there is a growing body of thought, notably in the United States, that entrepreneurs are not born, but made. No less an authority than Peter Drucker suggests that entrepreneurship can be learned. Nearly 200 universities in the United States now offer courses in entrepreneurship. At the very least, our business faculties could provide good role models for business students.

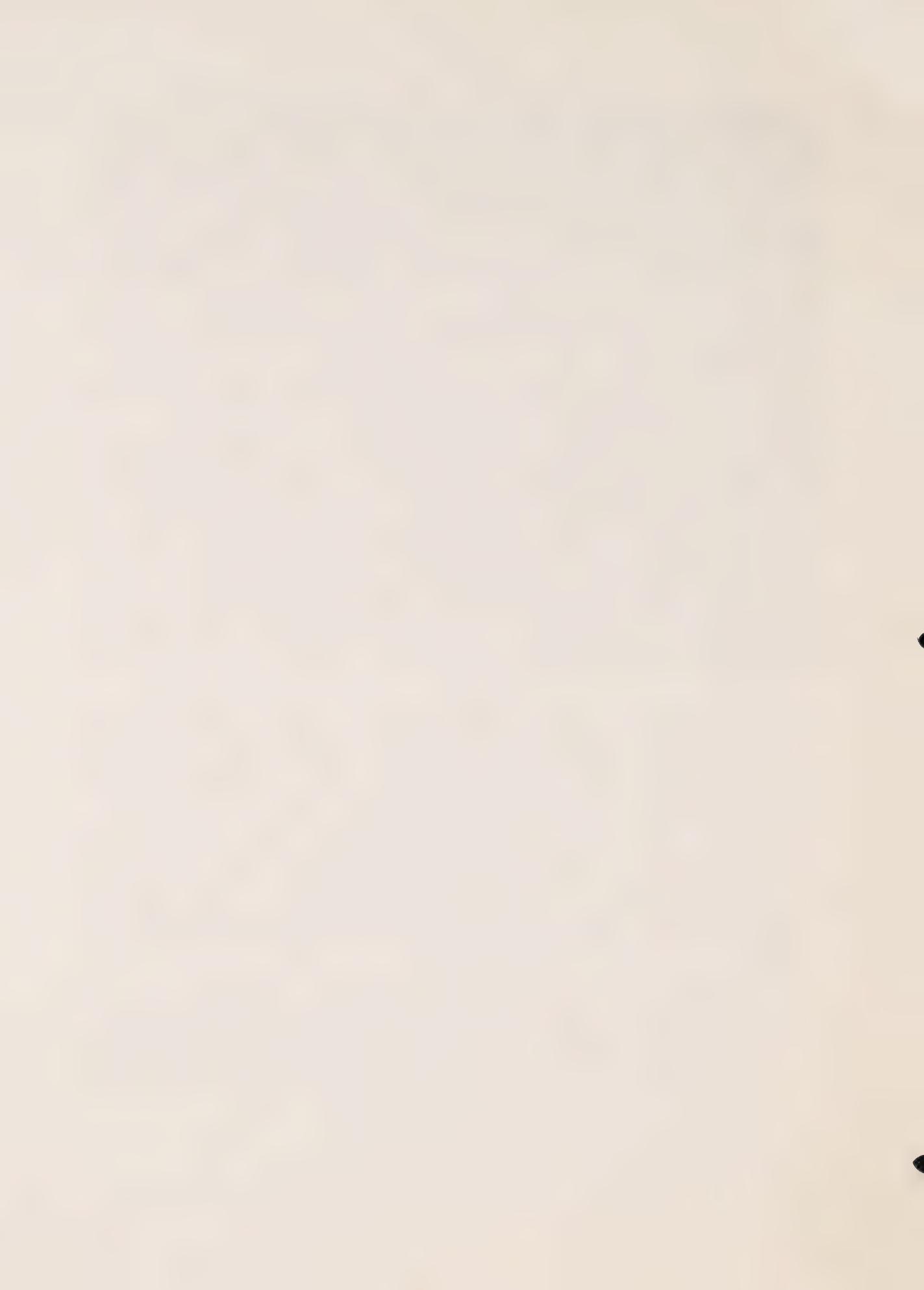
Slow-growth regions, in particular, would benefit greatly from a re-orientation of the business school curriculum. Small business courses that reflect the economic circumstances of these regions would be more beneficial to the student and the region than management courses built around large corporations. Courses could be designed on how to start a business, how to manage small businesses, and so on. Business students from Cape Breton, the Gaspé and Northern Ontario should be encouraged to see themselves launching and running a small business. In short, it is important for the Canadian economy, and particularly for slow-growth regions, that our universities teach business students to be, not employees, but entrepreneurs and employers. In slow-growth regions the need is much greater because there are so few large employers to absorb business schools graduates. The result is that the more competent business students leave for large corporations in Montreal, Toronto, or even Detroit, rather than stay to start their own business. All in all, there remains considerable scope for our education system to foster an entrepreneurial culture.

Universities can contribute in other ways to the development of our entrepreneurial culture, as well. Recognizing that research and development is playing an increasing role in economic development, we, in government, have introduced various new measures to promote it. Yet we also know that owner-operated businesses often do not have easy access to research and development facilities. The owner often is plant manager, office manager and sales manager. He or she has little chance and less time, either to appreciate the kind of new business opportunities that can be realized through research and development, or to launch them. The benefits flowing from research and development are not always readily apparent. Large- and medium- size businesses can afford the long-term view and can provide for research and development units in their organizations. This is not the case for small business.

Yet, our universities, even the smaller ones, often have the expertise to offer a research and development capacity to small firms. Departments of food sciences, for instance, could help small food processors to develop new products, improve existing products, design new packaging techniques. Business faculties could assist with marketing techniques.

Obviously, important exchanges between Universities and the business community take place now. But these exchanges seem to be much more frequent with large businesses than they are with small businesses or entrepreneurs. A recent survey from the Canadian Federation of Independent Business is revealing on this score. It reports that only about one per cent of small businesses look to universities and community colleges as a source of information. I hasten to add that I do not pin the blame for this solely on universities. We can all share some of the blame for failing to see that closer exchanges should be taking place between universities and small business. The point is not who should be blamed, but rather how everyone--large and small businesses, federal and provincial government departments and university administrators--can help to remedy the situation.

I have briefly outlined some of the initiatives we have adopted to promote an entrepreneurial culture. I have also gone on, at some length, about the role universities could play in promoting entrepreneurship and small business. I have done so, knowing full well the important role universities already play in Canada's economic development. I repeat--most Canadians do not fully appreciate how much our universities and individual professors have contributed to our economic well being. I have seen it first hand, both when I was in the private sector and now, when I am back again, in government. I, for one, fully appreciate their contribution. I also firmly believe that universities will contribute more than their share in promoting entrepreneurship in the years ahead. This conference is a very important step in this direction. And for this I should like once again to congratulate its organizers.





President
of the Treasury Board

Président
du Conseil du Trésor

CAI
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NOTES FOR A STATEMENT

BY

THE HONOURABLE DON MAZANKOWSKI
PRESIDENT OF THE TREASURY BOARD

ON

TABLING IN THE HOUSE OF COMMONS
OF THE 1988-89 MAIN ESTIMATES

FEBRUARY 23, 1988



CHECK AGAINST DELIVERY

88/04

Canada

Mr. Speaker, I am pleased to table the Main Estimates for 1988-89, which total \$119 billion. These Estimates support what my colleague, the Minister of Finance, said in his recent Budget speech about the fiscal intentions of this government. We are firmly committed to restraint through good management of the public's resources while responding with positive actions to introduce new initiatives in high priority areas. These Main Estimates are consistent with the planned expenditure levels outlined in the Budget earlier this month.

Our total spending plan for 1988-89, which includes these Main Estimates and reserves for Supplementary Estimates, totals \$132 billion. That is 5.5 per cent above planned spending in 1987-88. If we exclude public debt charges and look at program expenditures, the growth is only 4.3 per cent. The average annual increase in budgetary expenditures of 4.9 per cent over the last four years contrasts sharply with the average increases of more than 15 per cent in the preceding five years. Excluding public debt charges, we are looking at an average increase of 3.7 per cent, versus 14 per cent in the previous period.

The Main Estimates increase by 7.7 per cent over the comparable 1987-88 level. This growth rate is accommodated within the overall 5.5 per cent growth in planned budgetary expenditures. The growth in Main Estimates is larger than that targeted for total spending for the year because the government has built a greater portion of its new spending initiatives into the Main Estimates than it was able to last year, leaving fewer resources for in-year adjustments through Supplementary Estimates in 1988-89.

These Main Estimates provide for a number of new initiatives that the government has announced over the past few months to respond to the pressing needs of Canadians.

They include:

- \$306 million for the Atlantic Canada Opportunities Agency,
- \$312 million for the Western Diversification Office,
- a \$197 million increase for other regional development initiatives, such as that for Northern Ontario,
- \$296 million to complete the \$1.1 billion Special Grains Program for the 1987 Crop year, and
- \$40 million of the \$210 million to be spent on the National Drug Strategy over a five-year period.

The government has recently announced a number of new initiatives which are not included in these Main Estimates. Further endeavors in the area of Science and Technology and increased programming for the elderly will appear in Supplementary Estimates over the course of 1988-89. The government's child care strategy will be built into Estimates following further discussion with provincial governments and

the passage of legislation. Funding for all of these is incorporated in the \$132 billion expenditure plan within the growth of 4.3 per cent in program expenditures.

Apart from the new initiatives, I would like to outline briefly where the growth in the Estimates has occurred.

- Public Debt Charges are \$3.9 billion or 13.7% higher than last year. This burden can be lightened only over the longer term through good fiscal management and continued reductions in the level of the deficit;
- we are providing an additional one-half billion dollars to the provinces to help finance health, educational and welfare services;
- direct transfer payments to the provincial and territorial governments will rise by almost \$1 billion, under equalization and other programs; and
- direct payments to elderly Canadians will rise through an additional \$860 million in Old Age Security payments and a further \$134 million in Guaranteed Income Supplements.

Thus, of the \$8.5 billion increase in these Main Estimates, \$3.9 billion or 45 per cent is accounted for by public debt charges and \$2.4 billion or 28 per cent relates to increased expenditures for the large social programs, including support for health care and education and the direct support to the provinces and territories which I have just mentioned.

The Main Estimates can be divided into two categories: statutory and voted expenditures. The statutory items, totalling \$78.5 billion, are programs whose spending is governed by separate legislation. Public debt charges, to which I have already referred, account for \$32 billion, or 40 per cent of that. The remaining \$46.5 billion includes over \$20 billion in transfer payments to individual Canadians and more than \$20 billion in transfers to provincial governments. Elderly Canadians receive about three quarters of all of the transfer payments to individuals. Payments to the provinces provide funding for health care, post-secondary education, and welfare assistance and enable provinces to provide their residents with a reasonable level of public services at reasonably comparable levels of taxation. In addition to those cash payments, the government provides assistance to the provinces in the form of tax transfers which, in 1988-89, will exceed \$9 billion, bringing total financing for health, education, social assistance and other public services to some \$30 billion.

The other \$41 billion of these Main Estimates, which Parliament will be asked to authorize through the appropriation bill, reflects a wide variety of expenditures across all departments. These voted appropriations include \$10 billion for Defence spending, most of the regional development expenditures through the Department of Regional Industrial Expansion, the Atlantic Canada Opportunities Agency and the

Western Diversification Office, as well as the Special Grains Program and other recent initiatives, such as the Drug Strategy. Over the past four years, voted appropriations have risen on average by less than 3 per cent a year in comparison with an average of almost 13 per cent through the early eighties. This low rate of growth, maintained over 4 years, reflects our real achievement in managing government more efficiently and sustaining fiscal restraint. Public spending is firmly under control.

Mr. Speaker, as Honourable Members are aware, the Estimates also set out the person-year authorities allocated to departments and agencies. In May of 1985, this government introduced a plan to reduce the size of the Public Service by 15,000 person-years over a five-year period.

We began in 1986-87 with a reduction of some 5,500 person-years. This was followed by a further 3,100 last year and over 1,900 for 1988-89. While we have downsized the Public Service by more than 10,000 person-years, as of February 12, only 634 of the employees affected had actually been laid off.

Over the remaining two years of the program, the government will reduce its person-year authorities by about 1 per cent each year and I fully expect that the redeployment efforts, which are integral to the workforce adjustment policy, will continue to be successful in relocating affected employees.

I want to stress that these Main Estimates reflect this Government's efforts to maintain a balance between spending restraint and the introduction of new initiatives aimed at responding to the needs of the average Canadian.

In accordance with the normal procedures of the House, these Estimates will be referred to the appropriate Standing Committees, who will have ample opportunity to review the Estimates and report to the House. In June, we will again discuss the Estimates in this House, before the passage of the Appropriation Bill granting full supply.

As the Minister of Finance emphasized, we established a financial plan in 1984, and we have stuck to it, reducing the deficit, controlling expenditures, eliminating waste and duplication, and scaling down the burden of government.

Within this fiscal framework we have found the necessary resources to meet our policy commitments on regional development, defence, child care and science and technology.

We will continue the same prudent course in 1988-89.



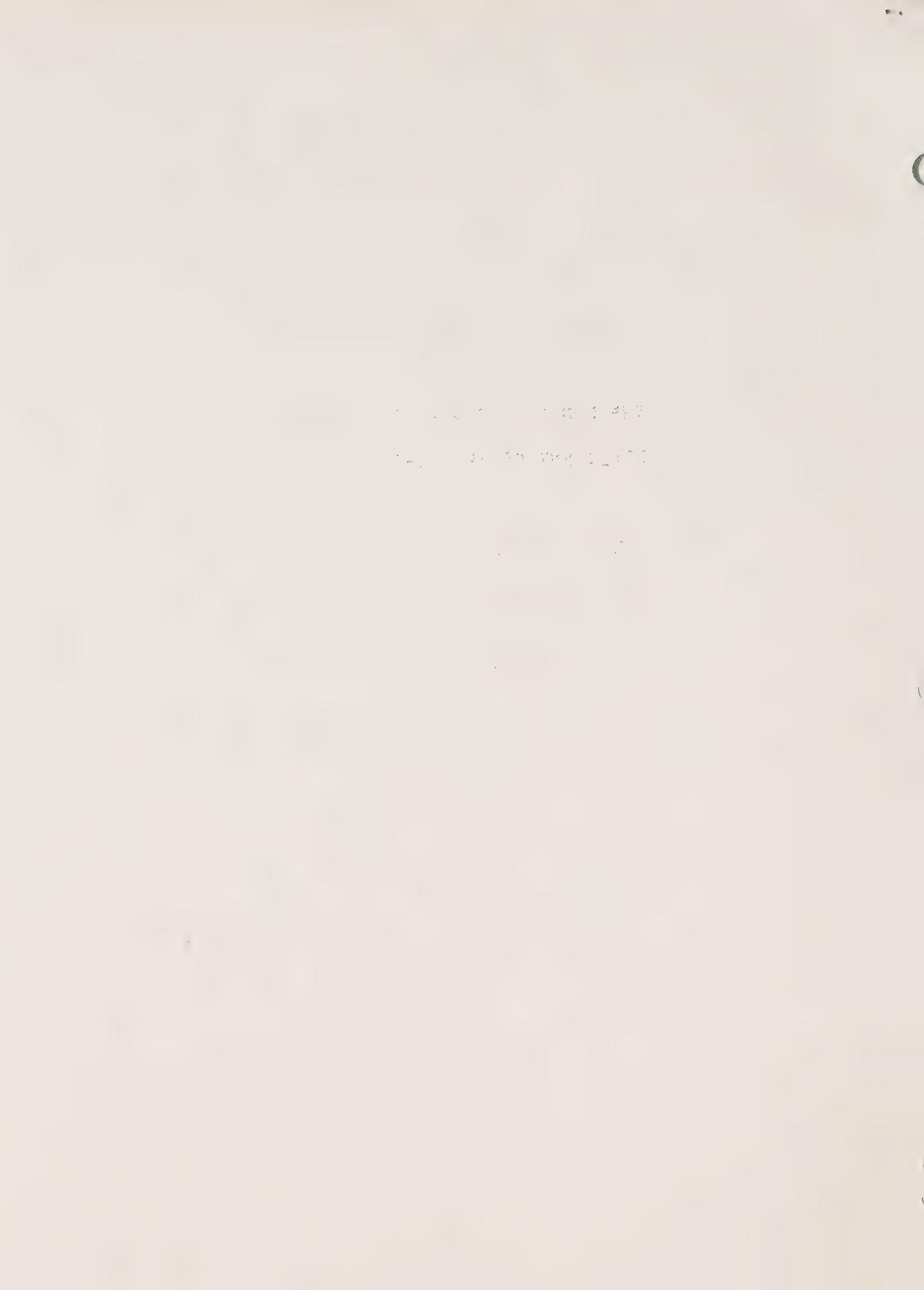
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NOTES FOR A STATEMENT
BY
THE HONOURABLE ROBERT DE COTRET
PRESIDENT OF THE TREASURY BOARD
ON
TABLING IN THE HOUSE OF COMMONS
OF THE 1989-90 MAIN ESTIMATES

APRIL 28, 1989



CHECK AGAINST DELIVERY



Mr. Speaker, I am pleased to table today, on behalf of the government, the Main Estimates for the 1989-90 fiscal year. They reflect the government's continuing determination to better manage its resources. As well they recognize the important contribution that the public service has made to enable the government to deliver its programs and services to Canadians as effectively and efficiently as possible.

The government's updated fiscal plan provides for total budgetary expenditures of \$142.9 billion in 1989-90, a 7.4 per cent increase over the forecast for 1988-89. I want to underline to Honourable Members today that program expenditures as reflected in the Budget are increasing by only 3.5 per cent over last year--more than a full percentage point below inflation, and in line with the average expenditure growth of the last five years of 3.6 per cent.

Today, I am introducing Main Estimates totalling \$131 billion. They reflect the government's continued success in controlling program spending. They also reflect a commitment to the priorities set out in the Speech from the Throne and our ongoing efforts for a more productive Public Service. These Estimates represent an increase of 9.7 per cent over those tabled for last year. This is higher than the rate of growth in total spending outlined in the Budget because the government has been able to identify proportionately more of its requirements at this stage of the budget cycle, and the Main Estimates therefore include more of the government's planned expenditures than has been possible in the past. This higher amount for Main Estimates is offset by a smaller increase in reserves to fund items to be included later this year in supplementary estimates. I am pleased to inform Honourable Members that the government is making provisions for reserves of \$3.1 billion, approximately 40 per cent less than the amount provided last year.

Mr. Speaker, the increased spending in Main Estimates expenditures for this year is a direct consequence of the overhanging legacy of debt. Since 1984, 50 per cent of the increase in budgetary expenditures is attributable to higher public debt charges. For this year, public debt charges account for 63 per cent--virtually two-thirds--of the increase in Main Estimates. Interest payments on the debt have now become the single largest component of expenditures.

While debt charges have increased substantially, program spending has been brought under tight control. This control over program expenditures is not a new development. It is a reinforcement of five years of determined action by the government. The program component of Main Estimates is increasing by only 4.9 per cent. In the five years ending in 1989-90, this program component has advanced at an average annual rate of 4.3 per cent. This is in sharp contrast to the previous annual average increase of 11.8 per cent from 1980 to 1984, and from the 15.7 per cent average increase from 1971 to 1980. Even more indicative of the government's program of improved expenditure management is what has happened to the program portion of Main Estimates as a share of Gross Domestic Product. Since 1984-85, that share has fallen continuously and significantly. From a high of 16.7 per cent in 1984-85, these expenditures have dropped to just over 14 per cent of Gross Domestic Product for this year.

Mr. Speaker, my colleagues and I are determined to continue our policy of sound management as well as to seek ways to reduce the overhanging burden of the public debt. Bringing the government's spending into balance will require us to sustain the drive towards improved management of expenditures. The Main Estimates I am tabling today are a further step in this direction, while maintaining our commitment to our other priorities.

Living more effectively within our means has required the government to both realign and reduce its expenditures. The government is introducing expenditure reductions for this year totalling \$1.5 billion. When the reductions announced by my colleague the Minister of Finance are fully implemented, they will amount to \$2.5 billion a year. We have ensured, and will continue to ensure, through regular and progressive adjustment, that no sector of the economy or region of the country bears a disproportionate burden of these changes. I want to assure Honourable Members that we were careful to select reductions that will not impair the health, safety or security of Canadians.

Expenditure reductions reflected in these Main Estimates were made primarily in five areas:

- growth in the defence program is being reduced by \$575 million;
- savings of \$360 million are being obtained this year by limiting the funding levels of Official Development Assistance;

- subsidies and transfers have been reduced, netting a saving of \$141 million;
- payments to certain Crown Corporations have also been decreased, yielding \$105 million; and
- government operations are being curtailed by \$49 million.

These Estimates make no provision for expenditure reductions requiring legislative changes, which will have to be approved by this House. These statutory items amount to about \$140 million. Further, the Main Estimates do not reflect reductions of \$175 million to items that had been carried in reserves in the government's expenditure plan.

Mr. Speaker, reducing the deficit and overcoming the legacy of debt is a government priority. We have approached this priority in a way that will allow the government to maintain its commitments--commitments to a stronger, more competitive economy; to preserve our environment; to show that we are a caring and compassionate society; and to foster Canada's cultural and national identity:

- spending to reinforce an already strong science and technology program, crucial to a competitive economy, will be increased by 12.8 per cent;
- environmental protection and enhancement expenditures will grow by 9.4 per cent;
- social spending, Mr. Speaker, is not at risk. Funding for key social programs, including programs for elderly Canadians, will grow by 6.6 per cent; included in this total are increases for elderly Canadians of \$865 million;
- to foster Canada's cultural and national identity, cultural funding is being enhanced; a new department of Multiculturalism is being established;
- assistance for native peoples is being increased by 11.6 per cent;
- the government is delivering on its commitment to assist farmers hit by drought--\$387 million is being provided for this purpose.

In the May 1985 Budget, the government announced a program to downsize the public service aimed at lowering the cost of delivering programs while ensuring that essential services to the public and services related to health, safety and security were maintained. Mr. Speaker, I am confirming today that the size of the Public Service is being reduced by a further 1,072, or one-half of one per cent in these Main Estimates. This brings total net reductions to date to 11,596. Mr. Speaker, our public service employment level is now the same as it was in 1973.

These total reductions have been achieved while the workload associated with a number of existing programs, such as the issuance of income security cheques, continues to increase. In addition, the government provided the necessary resources to administer a number of new priorities, such as the new refugee determination system, by re-investing some of the savings from the downsizing program into these new requirements. The success of this effort is a testament to the competence and dedication of our managers and employees alike to providing better service to Canadians.

As Honourable Members are aware, over two weeks ago I presented to the House my report on the special warrants that the Governor General was asked to issue in the 1988-89 fiscal year when Parliament was not in session. I also tabled at the time a report on the special Governor-General's warrant for the 1989-90 fiscal year. The funds included in this warrant, as well as in the interim Supply Bill I will be tabling next week, are supported by the program information in the Main Estimates, which Members will have an opportunity to assess in detail.

Mr. Speaker, the government recognizes the need to use its resources to meet productively the needs of Canadians and to continue to develop ways of doing this more efficiently and effectively. The track record of the last five years that I reviewed earlier clearly shows that we have made major inroads into controlling the growth of program spending and managing our resources judiciously. The government is determined to sustain this progress. The Main Estimates I am tabling today confirm our resolve to manage prudently while positioning us equally well to deliver on our priorities:

- a stronger, more competitive economy;
 - preservation of the environment;
 - a caring, compassionate society; and
 - stronger cultural and national identity.
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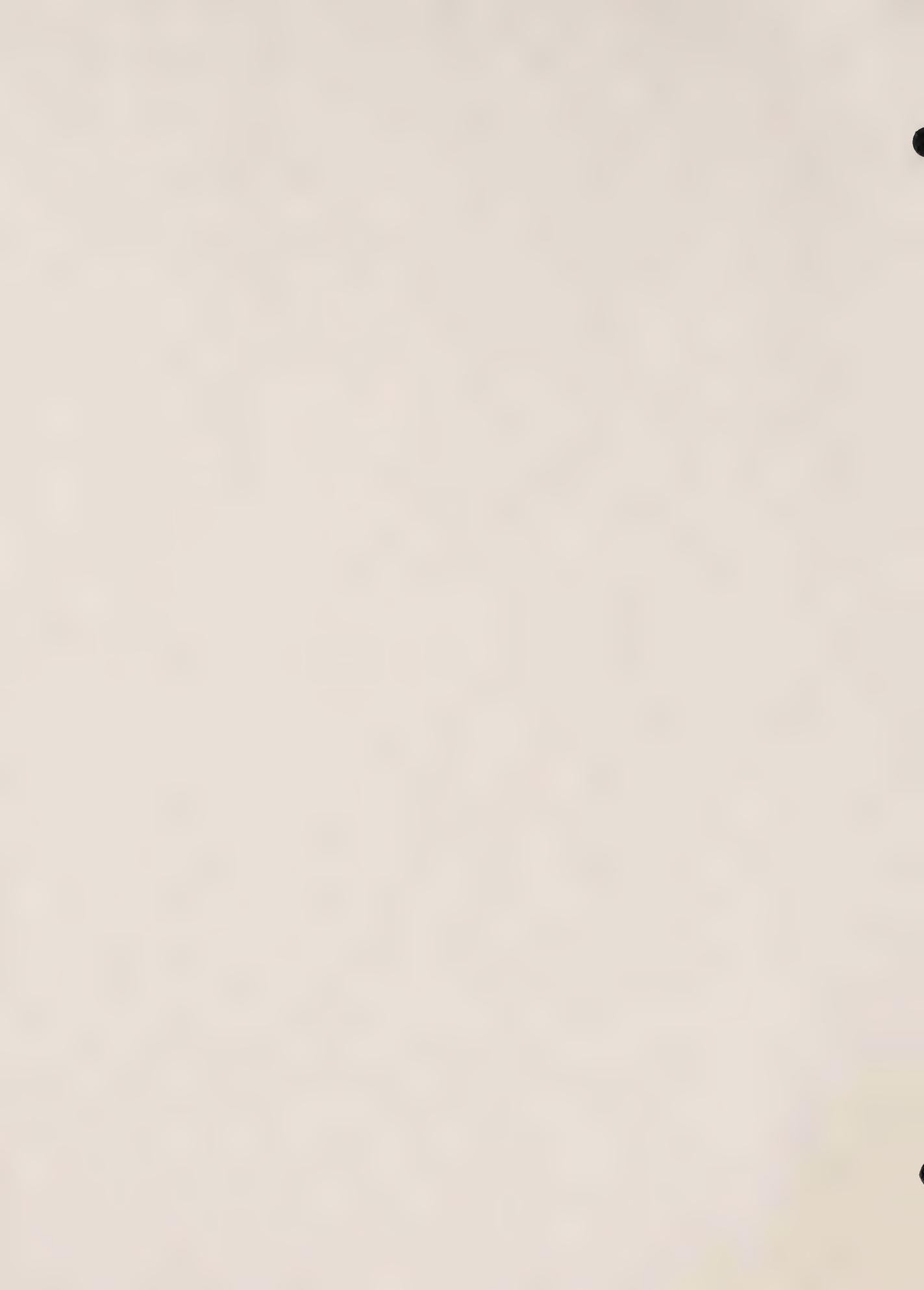
SPEAKING NOTES FOR
A STATEMENT BY
TREASURY BOARD PRESIDENT GILLES LOISELLE
IN THE HOUSE OF COMMONS

APRIL 27, 1993



PLEASE CHECK AGAINST DELIVERY





Mr. Speaker, my colleague, the Minister of Finance, tabled a responsible and decisive Budget.

The Fiscal Plan set out in the Budget builds on the action taken last December, by extending and deepening the expenditure reductions. While recent fiscal pressures have resulted from revenue shortfalls, the solution is not to raise revenues. It is to learn to live within our means.

With this action, the deficit target for 1993-94 will be met and there will be no new borrowings by the end of the fiscal planning period. Achieving these fiscal objectives is key to sustained economic expansion and the job and income gains that will come with it.

My remarks provide additional context and detail on the measures announced in the Budget, particularly the reductions in the cost of government. This action will, over time, have a major effect on the operations of government and the management of the Public Service.

These measures, together with the reductions announced in the Economic and Fiscal Statement tabled in this House last December, will yield expenditure savings of \$7.5 billion in government operations over the next five years. This is a major contribution to the total debt reduction effort of \$30 billion. These cuts build on this government's ongoing commitment and actions to reduce operating costs and increase efficiency in government.

As set out in the Budget, operating budgets and reserves for contingencies and new initiatives were reduced by \$300 million in 1993-94, rising to \$1.2 billion by 1997-98. This means that for the last four years of the fiscal framework, the operating reserve is being reduced by 50 per cent from already tight levels.

Last December, non-defence operating budgets were reduced by \$1 billion in 1993-94 and by \$1.7 billion in 1994-95. Taking into account the Budget measures announced yesterday, the typical manager will, in effect, face an operating budget reduction of five per cent in 1994-95, reaching 10 per cent by 1997-98.

The reduction in most grant and contribution programs to organizations and interest groups announced last December will be extended and deepened, to 15 per cent in 1995-96 and to 20 per cent in future years.

These reductions will be implemented in a prudent and reasonable manner, reflecting government priorities. We recognize that, given the magnitude of the reduction, a fundamental review of a number of existing programs will be required. Scarce resources will have to be devoted to funding the highest priority programs.

The Minister of Finance also announced a number of other reductions across government: regional funding, the Green Plan, granting councils, international assistance, defence, social housing, the CBC and VIA Rail.

We are far from being alone in a financial crunch. Most countries are facing tough economic and fiscal situations and most are responding to the large revenue shortfalls by taking similar action to reduce expenditures.

Closer to home we have only to look at the recent provincial budgets and statements. These reinforce the harsh reality that restraint is not just the order of the day, but of years to come.

In the earlier years, we used restraint in large part to cut the fat that had accumulated from years of steady growth in government expenditures. As time passed, departments and agencies have had to find more innovative ways to deliver programs and services. They have had no choice but to undertake productivity-increasing investments, and to make better use of their shrinking resources. The demand for services increases with population and so do workloads.

Departments and agencies are pressed even more vigorously to re-engineer their administrative and delivery systems in search of ways to cut administrative overhead and to deliver services at lower costs. Resources are having to be redirected to the point of service for the client and away from overhead and administrative processes.

Departments have no choice but to exploit the opportunities for efficiency gains from investments in training and development and in information technology.

This by itself is not enough, however, as we no longer have the means to pay for all the current programs, even less to tolerate duplication of services and other inefficiencies.

These latest measures will necessitate taking a hard look at priorities and making some difficult choices. As I said in my speech during the debate on the December Economic and Fiscal Statement "it will simply not be possible to do more with less."

In some instances activities will be reduced and points of service delivery closed. As an example, there are currently 64 Canada Immigration Centres. These points of service are being reduced to 51, of which 22 will be co-located in Canada Employment Centres. External Affairs is closing nine missions, including three embassies. It will also mean getting out of some lines of business.

Reducing the funds available for government operations will have an effect on employment in the public service. Currently, salaries account for roughly 55 percent of operating budgets. Assuming this proportion is maintained in coming years, we can expect that the reduction in total employment resulting from this Budget will be approximately 16,500 by 1997-98. Indeed, based on past experience, the number of people affected will be significantly higher once the impacts of changing program priorities, service delivery innovations, new information technology and organizational adjustments are taken into account and as the mix of skills and people within a department and across departments continues to change over time.

In the period from 1985 to 1990, while the net reduction in employment was 10,700, it is estimated that approximately twice this number of positions were eliminated while new positions in other program areas were created.

A substantial portion of the anticipated reduction in total employment of 16,500 can be handled through retirements and resignations -- some 9,000 employees leave the Public Service each year. However, it is not realistic to assume that we will be able to manage all personnel reductions through attrition. Most of the government's administrative and program operations are being redesigned to increase efficiency and the resultant changes will inevitably produce an imbalance between the skills needed and the skills available in a particular location. This is not unique to this government. It is much the same in the private sector and in the other levels of government.

As a practical matter, employment in the federal public sector actually increased in 1992 by about 1,000 to a little more than 235,000. This reflects a wide range of increases and decreases across departments and agencies. Five departments and agencies showed employment increases of 300 or more in 1992 -- specifically Employment and Immigration, Revenue Canada-Customs and Excise, Correctional Services, Health and Welfare, and Agriculture. Four departments showed a decline of 300 or more -- National Defence, Revenue Canada-Taxation, Transport, and Statistics Canada. In areas where there were reductions, the persons affected did not necessarily have the skills needed in departments that were growing. Or these employees were not able to take advantage of these new demands because of their location.

But the numbers are only part of the story, and I do want to emphasize that the underlying purpose of the action we are taking is to secure savings in government expenditures. It is not to reduce the work force.

In the world of the 1990s, the government needs employment policies that promote a flexible and more adaptive federal work force. Existing policies, including the Work Force Adjustment Directive, must be reviewed.

There are aspects of the Directive that we can no longer afford in the present economic climate. There are others which severely restrict our ability to modify the shape and size of the workforce.

The government will therefore seek some basic changes to the Directive, to give managers added flexibility. We will continue to fulfil our responsibilities as a fair employer but we must do so in the context of the economic and fiscal realities of the 1990s. We will invite unions to work with us toward a realistic arrangement during negotiations, beginning this summer, as part of the regular triennial review.

We believe that public servants understand the economic realities faced by the government. I am convinced that they and their unions will want to work with us in finding innovative solutions to the problems we are facing.

We are currently consulting with departments on this and are not ready to set out our proposals. Clearly we will be seeking significant changes.

As I see it, adaptability and innovation in the Public Service are key to its long-term effectiveness. This means that the institution as a whole, its organizational units, its management cadre and every one of its employees must be able to adapt quickly to change. We must also continually strive to find better ways to deliver government services more efficiently.

One approach is to use information technology in new ways to improve administrative and program delivery processes. Information technology allows us to provide services to clients at lower overall costs to the government and, in many cases, to the clients.

The government is aggressively pursuing electronic means for conducting many of its routine transactions. This electronic commerce strategy also hinges on the use of electronic data interchange or EDI and complementary technologies such as bar coding. Over 20 EDI initiatives are now under way, including electronic documentation at ports of entry, collection of remittances for GST and source deductions, electronic filing of GST and personal income taxes, and many, many others.

I am proud the federal government is becoming a leader in implementing EDI in Canada. Indeed I am pleased to note that on June 30, Supply and Services Canada's new electronic initiative FASTRACK will begin directly linking suppliers electronically with federal departments and agencies. This use of EDI for the procurement of goods and services and, in future, for related payments will mean lower costs for the government and for its suppliers. It will also contribute to an EDI-capable business sector, enabling it to better compete in the global economy.

We are innovating in other ways. We have established 12 special operating agencies and four more are on the way: Indian Oil and Gas Canada; the Transport Canada Training Institute; Translation Services; and Surveys and Mapping. The last three were announced in this Budget. They are service-oriented operations given added flexibility to apply the best management practices in order to improve service delivery. Many Canadians have seen the improved service provided by the Passport Office, an early special operating agency.

Across Canada, 129 InfoCentres have opened in Canada Employment Centres to provide basic information on government services to Canadians more conveniently. Twelve departments are working together to make services available to the public through common government, rather than departmental, access points.

Through these InfoCentres clients can receive basic information on more than 50 of the most commonly used government programs like pensions, training and unemployment insurance, and bidding on government contracts. They can also receive assistance in getting missing government cheques replaced. They have access to hot-line services to departments when they require answers to more complex questions. Facilities are also made available for clients to meet with departments on specific matters -- income tax advice for example.

We are also changing how we provide services to the business client who is confronted by a bewildering array of federal, provincial, municipal and private sector services.

The Canada Business Service Centres (CBSCs) are one among several initiatives. There are currently three CBSCs in operation, in Edmonton, Winnipeg and Halifax, which provide the business community with quick and accurate referrals to government services, programs and information at a single point of service. They are serving as the pilot for a network of centres that will soon extend from coast to coast. Discussions have begun on three others and it is our intention to establish a CBSC in at least one major urban centre in each province.

In Edmonton, the CBSC is a shared walk-in centre operated through a partnership of 15 federal departments and agencies. Information is available on a full range of services, including Supply and Services Open Bidding.

The Manitoba Centre is a joint venture regrouping 14 federal departments and agencies in cooperation with the Province of Manitoba, the City of Winnipeg, several business and industry associations and academia. It is also a walk-in resource centre. A toll-free automated voice-command telephone system, called Fastback, accessible 24 hours a day also allows business clients to obtain succinct information and to order documents on a full range of business programs and services.

The Halifax CBSC is a toll-free telecentre, supported by 18 federal departments and agencies. It provides one-stop referrals to appropriate business services.

Governments must do everything they can to work together in improving services, and provincial government interest and involvement in CBSCs is encouraging. Providing services of all governments to their common clients at a common point of delivery is the logical and desirable next step in the application of the "single window" concept.

In this same vein, my colleague the Minister of Finance noted in his Budget that all governments must cooperate on regulatory reform.

I was pleased to see, Mr. Speaker, that the Premier of Alberta announced last week in the Legislative Assembly that his government intended to reform the regulatory system. I congratulate him and offer my support to any of the other provinces that may choose to launch their own regulatory reviews. They can count on the cooperation and support of my colleagues and myself. We are eager to share the experience we have gained in our own review, and we will provide whatever assistance possible should the provinces decide to move forward in this area.

We ourselves are in the midst of the most profound review of regulation ever undertaken by the federal government, even more so than the mid-1980s review. Some 700 regulations have already been reviewed. Preliminary analysis suggests that one in four can be eliminated by the end of the year. More than 100 will be eliminated at Transport Canada alone.

Two departments, Agriculture and Consumer and Corporate Affairs, have completed their reviews and are now implementing the results. The remaining 24 agencies and departments are well advanced and we will begin to see results shortly.

We are taking a hard look at the way regulatory programs are designed and managed. We are working ever more closely with Canadians to meet the challenges of government restraint and economic competition, while maintaining the government's commitment to protecting health, safety, and our environment.

Let me give you just one example: Transport Canada is working with shippers, vessel owners, and response organizations on a new initiative which will make industry responsible for cleaning up and paying the costs of oil spills. It will protect the environment better than detailed government regulations, and cost less.

In the 1992 Budget, the Minister of Finance asked the Standing Committee on Finance to study the relationship between regulations and competitiveness. I am pleased the Committee has made a number of thoughtful recommendations. I will release the government's response to the Committee's recommendations later this week.

Among other things, the reply identifies how federal regulations can be made more "responsive" to today's rapidly changing fiscal situation.

By working more closely with other governments and with the private sector, and by moving to a more responsive regulatory regime, as will be outlined in the government's reply, real savings can be made. Some of these savings can be redirected to where they can do the most good in meeting the government's commitment to the health and safety of Canadians, to sustainable development and to a competitive Canadian economy. Other savings will help to pay down our debt.

Though they get less publicity, other major changes are underway in the administration of the federal government. The *Public Service Reform Act* reaffirms the merit principle and allows greater flexibility to managers in the redeployment of personnel.

The introduction of the operating budget regime across government on April 1 is one of the most far-reaching internal reforms of management in the Public Service in recent decades.

This new regime replaces a centrally directed system of person-year allocations and input control over departmental operating expenditures. Now departments and agencies have their funds for salaries, operations, maintenance and minor capital expenses combined into a single budget.

Operating budgets give departments and agencies more flexibility to improve their efficiency, to choose the best mix of inputs to deliver programs, and to adapt their services as the needs of their clients change. Furthermore, it provides an incentive to manage better and strengthens accountability for decisions.

To help ensure the success of the private sector and the prosperity of Canadians, we in the public sector must also adapt. To really help, we must anticipate change. Just going along with it isn't good enough any more.

Operating budgets reinforce the need to assess whether it is more cost-effective for internal resources or outside contractors to provide the required service.

Contracting for services has always been used as an effective management tool to get maximum value for taxpayers' money. Contracting can be cost-effective where the project is of short duration; for example, if the workload fluctuates seasonally or expertise is not available in the Public Service. For example pooling our information technology needs and directing them to high-tech firms is cheaper for the government. At the same time it helps these firms develop and compete internationally. We have developed practical guidelines to allow managers to evaluate the cost of in-house delivery in comparison to bought services.

There has been some discussion recently about the amount of contracting for services done by the government. In 1991-92 the federal government bought approximately \$4 billion of services from the private sector. This includes such services as repairing aircraft, clearing snow, painting walls, auditing our books, collecting debts, conducting scientific research, shipping goods to the Arctic, and many other services.

Lately some have questioned why the government contracts with former public servants. At times, it may be the most economical way of providing a service. Special rules apply to make sure that these contracts reflect fairness in the spending of public funds and are used only where this is both cost-effective and efficient. Our bottom line is affordable government -- delivering services to Canadians as efficiently and economically as we possibly can, regardless of whether we use public servants, former public servants or contractors who have never worked as government employees.

In conclusion, Mr. Speaker, to reduce the deficit, we have had to make tough but necessary choices in the interest of the Canadian taxpayer.

This government has practised fiscal restraint since 1984. All Budgets have contained measures to reduce the cost of government. The measures taken in recent years, the cuts in operations and maintenance, wage restraint and more selective operating cost reductions have been successful because our employees have been up to the challenge of reducing their overhead expenses, securing new efficiencies and innovating. And all this while workloads have increased, as has the pressure for more services and better service. This will obviously continue.

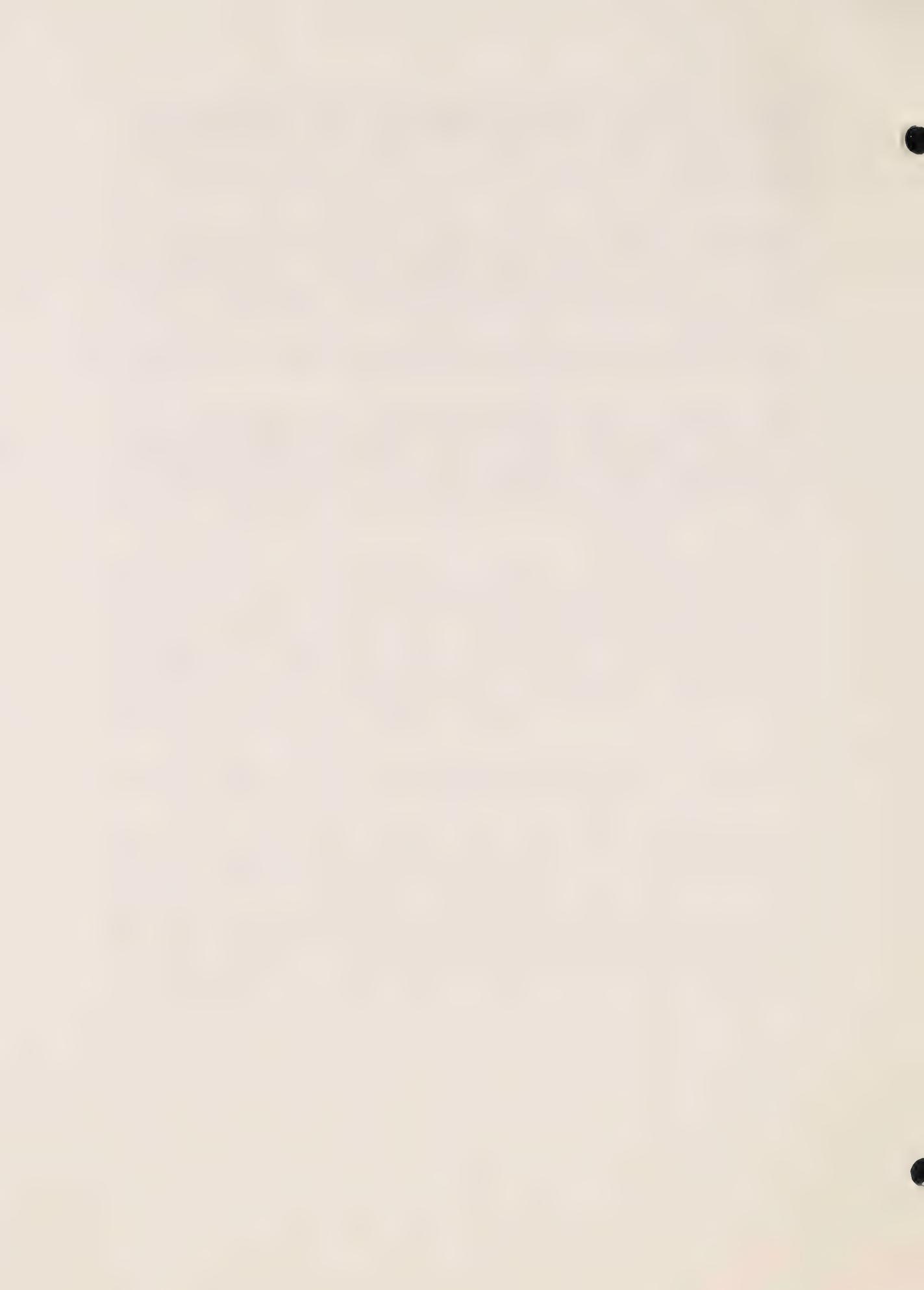
The new measures announced in the Budget and described above, will have some deep and lasting consequences on the operations of the Public Service. As I noted in my December speech last year, the measures introduced at that time imposed reductions in the real salaries of Public Service employees. At that time, I said:

"In the four-year period following June 1991, the month when the bulk of collectively bargained contracts expired, the consumer price index is projected to rise by eight to nine per cent while wages will have risen by just three per cent."

I recognize the contribution that public servants have made and will continue to make as we grapple with these most difficult issues.

They – and I address this to Public Service employees at all levels of government – must forge a strong sense of common purpose that they are all serving one taxpaying public, and that their wellbeing is inextricably linked to that of this public. This goes for us politicians, too.

Thank you, Mr. Speaker.



Les fonctionnaires -- et je m'adresse aux fonctionnaires de tous les paliers de gouvernement -- doivent tous être fermement convaincus qu'ils servent un seul et même public de contribuables et que leur bien-être est inextricablement lié à celui de ce public. Il en va de même pour nous qui oeuvrons en politique.

Dernierement, certains ont voulu sauver pourquoi le gouvernement adjuge des marchés à d'anciens fonctionnaires. C'est parfois là le moyen le plus économique de se procurer un service. Nous appurons des règles spéciales à ces marchés parce que nous tenons à ce que les deniers publics soient dépensés en toute impartialité et qu'on ne recoure à ces marchés que lorsqu'ils répondent aux impératifs de la rentabilité et de pas sa capacité financière, qu'il offre toujours aux Canadiens les meilleures services possibles, compete tenu des critères d'efficacité et d'économie, peu importe qu'ils soient rendus par des fonctionnaires, d'anciens fonctionnaires ou des entrepreneurs n'ayant jamais été au service de notre gouvernement. Les mesures visant à réduire les dépenses du gouvernement. Les mesures prises au cours des dernières années, les fonctions salariales et les réductions plus sélectives des frais de restrictions fonctionnelles ont été couronnées de succès parce que nos employés ont su relever le défi de réduire les frais généraux, de réaliser de nouveaux gains d'efficacité et d'innover. Ils y sont parvenus alors même que la charge de travail augmentait et que les professions se faisaient plus vives pour que plus de services soient offerts et qu'ils soient de meilleure qualité. De toute évidence, la tendance va se poursuivre.

Les nouvelles mesures annoncées dans le budget et décrites ci-dessous auront des conséquences profondes et durables sur le fonctionnement de la fonction publique. Comme je l'ai mentionné dans mon discours de décembre dernier, les mesures présentées alors imposeraient une diminution périodique de quatre années consécutives. J'ai déclaré alors que «sur la période de quatre années consécutives suivant en juin 1991, c'est-à-dire le mois au cours duquel le gros des conventions collectives ont expire», pourraient compter sur eux aussi longtemps que nous serons confrontés à des difficultés questions.

En conclusion, Monsieur le président, pour réduire le déficit, nous avons dû faire des choix difficiles mais nécessaires dans l'intérêt des contribuables canadiens.

Notre gouvernement pratique la restriction des dépenses depuis 1984. Tous les budgets ont comparé des mesures visant à réduire les dépenses du gouvernement. Les mesures prises au cours des dernières années ont fonctionnellement ont été couronnées de succès parce que nos employés ont su relever le défi de réduire les frais généraux, de réaliser de nouveaux gains d'efficacité et d'innover. Ils y sont parvenus alors même que la charge de travail augmentait et que les professions se faisaient plus vives pour que plus de services soient offerts et qu'ils soient de meilleure qualité. De toute évidence, la tendance va se poursuivre.

Il faut que nous tenions à ce que les deniers publics soient dépensés en toute impartialité et qu'on ne recoure à ces marchés que lorsqu'ils répondent aux impératifs de la rentabilité et de pas sa capacité financière, qu'il offre toujours aux Canadiens les meilleures services possibles, compete tenu des critères d'efficacité et d'économie, peu importe qu'ils soient rendus par des fonctionnaires, d'anciens fonctionnaires ou des entrepreneurs n'ayant jamais été au service de notre gouvernement. Les mesures visant à réduire les dépenses du gouvernement. Les mesures prises au cours des dernières années, les fonctions salariales et les réductions plus sélectives des frais de restrictions fonctionnelles ont été couronnées de succès parce que nos employés ont su relever le défi de réduire les frais généraux, de réaliser de nouveaux gains d'efficacité et d'innover. Ils y sont parvenus alors même que la charge de travail augmentait et que les professions se faisaient plus vives pour que plus de services soient offerts et qu'ils soient de meilleure qualité. De toute évidence, la tendance va se poursuivre.

Le renvoi de marchandises dans l'Arcique et de nombreux autres domaines. Le couvernement de crénacles, la recherche scientifique par les universités, la neige, la peinture de murs, la vérification de nos compétences, le dollars de services. Ils visent la réparation d'avions, le déblaiement de gouvernement fédéral à acheter au secteur privé environ 4 milliards de dollars de services. En 1991-1992, le

On a parlé récemment du volume de ces marchés. Nous avons élaboré des lignes directrices pratiques pour aider les entreprises à se développer et à soutenir la concurrence internationale. Nous savons que la fonction publique n'a pas les spécialistes nécessaires. Ainsi, en groupant les besoins en technologies de l'information et en les commandant aux entreprises de haute technologie, on réduit les dépenses publiques. Du même coup, on aide ces entreprises à se développer et à soutenir la concurrence internationale.

Les marchés de services ont toujours été un outil de gestion efficace pour tirer le maximum des deniers publics. Ils peuvent être rentables, notamment lorsqu'il s'agit de court duree, que la charge de travail fluctue avec la saison, ou que la fonction publique n'a pas les spécialistes nécessaires. Ainsi, en groupant les besoins en technologies de l'information et en faisant appel aux ressources internationales ou sur le marché mondial, on peut réduire les dépenses publiques et améliorer la qualité des services rendus.

Les budgets de fonctionnement renforcent la nécessité d'évaluer si il vaut mieux offrir les services requis en faisant appel aux ressources internationales ou à des contracutes de l'extérieur.

Pour participer au succès du secteur privé et à la prospérité des Canadiens, nous, membres du secteur public, devons nous adapter aux nouvelles réalités. Pour que notre contribution soit significative, nous devons anticiper les changements; il ne suffit plus de nous laisser aller avec la vague.

Le meilleur dosage des moyens qu'il faut pour exécuter les programmes et adapter leurs services à mesure qu'évoluent les besoins de leurs clients. En outre, ils incitent les administrateurs à gérer plus attentivement leurs activités et renforcent l'obligation de rendre compte. Les budgets de fonctionnement accordent aux ministères et aux organismes une plus grande latitude pour accroître leur efficience, choisir

Permettez-moi de vous donner un seul exemple : Transports Canada collabore avec les chargeurs, les propriétaires de navires et les organismes de secteurs à une initiative visant à rendre l'industrie responsable du nettoyage des déversements d'hydrocarbures et des coûts afférents. Cette initiative protégera l'environnement beaucoup mieux que les règlements fédéraux et coutera moins cher.

Dans le budget de 1992, le ministre des Finances a demandé au Comité permanent des finances d'étudier les rapports entre la réglementation et la concurrence. Je suis heureux que le Comité ait présenté des recommandations bien pensées et ferai connaître la réponse du gouvernement à ces recommandations plus tard cette semaine.

La réponse indique, entre autres choses, comment mieux adapter les règlements fédéraux à la situation financière d'aujourd'hui, caractérisée par une évolution rapide.

En collaborant plus étroitement avec les autres gouvernements et le secteur privé, et en adoptant un régime de réglementation mieux adapté aux questions financières, comme le montre la réponse du gouvernement, nous réalisons des économies réelles. Nous pourrons alors affecter une partie de ces économies aux programmes qui aideront le plus le gouvernement à tenir son engagement envers la santé et la sécurité des Canadiens, le développement durable et la compétitivité de l'économie canadienne. Les autres économies serviront à réduire la dette du pays.

Même si l'attention des médias, d'autres changements importants sont en train de s'opérer dans l'administration des activités fédérales. La Loi sur la réforme de la fonction publique confirme le principe du mérite et donne aux gestionnaires une plus grande marge de manœuvre pour réaffecter leurs employés.

L'instaration du régime des budgets de fonctionnement à l'échelle de l'administration fédérale, le 1^{er} avril, constitue l'une des mesures internes les plus ambitieuses des dernières décennies.

Ce nouveau régime remplace le système central d'affectations d'années.

Les ministères et organismes disposeront maintenant d'un budget unique qui comprend les fonds pour les salaires, les opérations, l'entretien et les personnes et de contrôle des dépenses de fonctionnement des ministères.

Les plus ambitieuses des dernières décennies.

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Les administrations publiques doivent conjurer tous les efforts possibles pour améliorer les services. A cet égard, l'intérêt que manifestent les administrations provinciales pour les CSCC est encourageant. Que toutes les administrations publiques fournissent leurs services à leurs clients communs en un seul point est la suite logique et souhaitable de Dans cet ordre d'idées, mon collègue le ministre des Finances a indiqué qu'il a été informé de la réglementation. Dans son budget que tous les gouvernements doivent collaborer à la réglementation de la province de Alberta avait annoncé la semaine dernière que son gouvernement appréciait à réformer son système de réglementation. Je le félicite et j'offre mon soutien à toutes les autres provinces qui voudront procéder à l'examen de leur propre réglementation. Elles peuvent compter sur la coopération et le concours de mes collègues et de moi-même. Nous souhaitons vivement parfaire l'expérience que nous avons acquise dans cette province.

Nous sommes nous-mêmes plongés dans l'examen le plus approfondi de la réglementation jamais entrepris au niveau fédéral, plus approfondi que celui effectué au milieu de la décennie 1980. Quelque 700 règlements ont déjà fait l'objet d'un examen. Une analyse préliminaire laisse voir qu'un règlement sur quatre pourrait être éliminé dès la fin de l'année. A Transport Canada seules, c'est plus d'une centaine de règlements qui disparaîtront.

Deux ministères, Agriculture et Consommation et Affaires commerciales, ont terminé leurs examens et en appliquent maintenant les conclusions. L'examen des 24 autres ministères et organismes avance bien, et nous devrions en connaître les résultats très bientôt.

L'aide pour faire remplacer des chèques du gouvernement qui ont été perdus; ils ont accès à des services téléphoniques spéciaux avec les ministères lorsqu'ils rencontrent des questions sont complexes; ils ont accès à des locaux où ils peuvent rencontrer des spécialistes, par exemple dans le domaine des affaires aux entreprises canadiennes (les CSC). Nous en compsons actuellement trois, respectivement à Edmonton, à Winnipeg et à Halifax. Dans ces centres, les gens d'affaires peuvent obtenir rapidement des renseignements précis sur les programmes et les services fédéraux. Il s'agit pour le moment d'un projet pilote, mais nous espérons étendre le réseau de CSC d'un océan à l'autre dans un proche avenir. Des démarques ont déjà été entreprises pour implanter trois autres centres, et nous avons l'intention d'en établir au moins un dans un grand centre fédéral. On peut s'y procurer de l'information sur toute une gamme de services, dont le processus d'appel d'offres ouvert d'Approvismements fédéraux. A Edmontion, le CSC est un centre partagé, facile d'accès, qui fonctionne grâce à la collaboration de 15 ministères et organismes fédéraux de même que des services de la province du Manitoba et de la ville de Le centre du Manitoba regroupe 14 ministères et organismes fédéraux de Winnipeg, plusieurs associations du monde des affaires et du secteur industriel ainsi que le milieu universitaire. Il est également facile d'accès. Grâce à un système téléphonique automatisé et gratuit appelé Fastback, les gens d'affaires peuvent jour et nuit, obtenir de l'information succincte et commander des documents sur tout un éventail de programmes et de services.

Le même que les services de la province du Manitoba et de la ville de Winnipeg, plusieurs associations du monde des affaires et du secteur industriel ainsi que le milieu universitaire. Il est également facile d'accès. Grâce à un système téléphonique automatisé et gratuit appelé Fastback, les gens d'affaires peuvent jour et nuit, obtenir de l'information succincte et commander des documents sur tout un éventail de programmes et de services.

Le centre du Manitoba fonctionne grâce à la collaboration de 18 ministères et organismes fédéraux obtenu des renseignements sur divers services commerciaux.

A Edmontion, le CSC est un centre partagé, facile d'accès, qui fonctionne grâce à la collaboration de 15 ministères et organismes fédéraux de même que des services de la province. Il s'agit pour le moment d'un projet pilote, mais nous espérons étendre le réseau de CSC d'un océan à l'autre dans un proche avenir. Des démarques ont déjà été entreprises pour implanter trois autres centres, et nous avons l'intention d'en établir au moins un dans un grand centre fédéral. On peut s'y procurer de l'information sur toute une gamme de services, dont le processus d'appel d'offres ouvert d'Approvismements fédéraux. A Edmontion, le CSC est un centre partagé, facile d'accès, qui fonctionne grâce à la collaboration de 15 ministères et organismes fédéraux de même que des services de la province du Manitoba et de la ville de Le centre du Manitoba regroupe 14 ministères et organismes fédéraux de

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Dans ces InfoCentres, les clients peuvent obtenir des renseignements généraux sur plus de 50 programmes fédéraux les plus utilisés, par exemple, les pensions, l'assurance-chômage et la formation, et les appels de service fédéraux plutôt que de points de service ministériels.

Nous savons ouvert, à travers le pays, 129 InfoCentres dans les centres d'emplois du Canada pour fournir à la population canadienne, dans des endroits commodes, des renseignements généraux sur les services de l'administration fédérale. Douze ministères conjointement avec leurs efforts pour offrir leurs services à la population par l'entremise de points de service fédéraux, des renseignements généraux sur les services de l'administration fédérale, des renseignements généraux sur les services de l'administration fédérale, des renseignements généraux sur les services de l'administration fédérale.

Le Bureau des passeports, un organisme de service spécial de la première heure. Nous savons aussi sur les services, se sont vu accorder une grande partie de fonctionnement afin qu'ils puissent apprendre les meilleures pratiques de gestion pour améliorer la prestation de leurs services. De nombreux Canadiens ont déjà pu constater une amélioration du service au Bureau des passeports, un organisme de service spécial de la première heure. Ces derniers organismes ont été annoncés dans le dernier budget. Les trois Canada; le Bureau de la traduction; et Léves et cartographie. Les trois provinces et GAZ Indien Canada; l'Institut de formation en transport. Organismes de service spéciaux et autres sont en voie de l'être : Pétrole et Gaz Indien Canada; l'Institut de formation en transport. Nous innovons aussi sur d'autres fronts. Ainsi, nous avons créé douze organismes, axes sur les services, se sont vu accorder une grande partie de fonctionnement afin qu'ils puissent apprendre les meilleures pratiques de gestion pour améliorer la prestation de leurs services. De nombreux Canadiens ont déjà pu constater une amélioration du service au Bureau des passeports, un organisme de service spécial de la première heure.

Il suffit que le gouvernement fédéral soit à l'avant-garde dans l'application de l'EDI au Canada. A cet égard, je suis heureux de souligner que, le 30 juin, grâce à l'initiative FASTRACK d'approvisionnements et Services Canada, les fournisseurs seront relâchés, par voie électronique, aux ministères et aux organismes fédéraux. Le recours à l'EDI pour la fourniture de biens et de services et, plus tard, pour les paiements connexes, sera basé sur les dépenses du secteur public et de ses fournisseurs. Cette façon de procéder améliorera également la position concurrentielle de notre secteur des affaires sur les marchés mondiaux.

Il suffit que le gouvernement fédéral soit à l'avant-garde dans l'archivage électronique des déclarations de TPS et des importations sur le revenu des particuliers, et de très nombreuses autres applications. Initiatives en ce sens sont en cours : la documentation électronique aux ports d'entrée, la perception de la TPS et les retenues à la source, techniques complémentaires telles les codes à barres. Plus de 20 bonnes parties des opérations courantes. Cette stratégie se fonde sur les principes de l'échange de données informatiques (EDI) et les technologies informatiques telles les codes à barres. Plus de 20

Le gouvernement s'est lancé résolument dans l'information d'une

Nous pouvons notamment innover dans l'application des technologies de l'information pour améliorer les pratiques administratives et la prestation de services à moindre coût pour le gouvernement et, dans de nombreux cas, des programmes. Les technologies de l'information permettent d'offrir les informations pour tout client dans un délai de quelques secondes.

C'est dire que la fonction publique dans son ensemble, ses unités publiques, à long terme, passe par sa faculté d'adaptation et d'innovation. Nous devons sans cesse multiplier les efforts pour trouver de nouveaux moyens d'assurer la prestation des services gouvernementaux, et ce, de manière toujours plus efficace.

Nous consultons actuellement les ministères à ce sujet, et, de ce fait, nous trouvons que les fonctionnaires comprennent les réalités économiques toute évidence, cependant, nous cherchons à appuyer des changements importants.

Nous invitons les syndicats à chercher avec nous une solution réaliste au problème tout comme leurs syndicats collaborent avec nous pour trouver des solutions novatrices aux problèmes à résoudre.

C'est pourquoi le gouvernement tente de modifier quelques modifications fondamentales à la Directive pour donner aux gestionnaires une plus grande marge de manœuvre. « Nous continuons de nous acquitter de nos responsabilités d'employeur juste, mais nous devons en même temps tenir compte des réalités économiques et financières des années 90. »

Dans un monde où tout change rapidement, une telle situation est gravement notre capacité de modifier la forme et la taille des effectifs. C'est pourquoi le gouvernement tente de appuyer quelques modifications inacceptables.

Il y a des aspects de la Directive que nous ne pouvons plus nous offrir dans la conjoncture économique actuelle. Il y en a d'autres qui limitent

Dans le contexte des années 90, le gouvernement a besoin de politiques d'emploi qui font une place grande à des effectifs fédéraux souples et plus adaptatifs. Les politiques actuelles, y compris la Directive sur le remènagement des effectifs, doivent être réexaminées.

Les chiffres ne constituent qu'un aspect de la question, et je tiens à souligner que le but que nous poursuivons est de réaliser des économies au chapitre des dépenses du gouvernement et non de réduire les effectifs.

Plusieurs ministères ont connu une baisse de 300 emplois ou davantage, en particulier Emploi et Immigration, Revenu Canada - Agriculture. Quatre ministères ont connu une baisse de 300 emplois ou davantage et Accise, Les Services correctionnels, Santé et Bien-être, et Douanes en 1992, en particulier Emploi et Immigration, Revenu Canada - ministères et organismes ont connu des augmentations de 300 emplois ou davantage et de diminutions dans la fonction publique. Cinq plus de 235 000. Ce chiffre tient compte d'une grande variété A toutes fins pratiques, en 1992, le nombre d'emplois dans le secteur public fédéral a augmenté environ d'un million, pour se chiffrer à un peu moins de 2 millions en 1992.

On la retrouve également dans le secteur privé et d'autres ordres de endroit précis. Cette situation n'est pas particulière à ce gouvernement. Il existe toutefois des programmes afin d'en augmenter l'efficacité; les changements qui en découlent produisent inévitablement un déséquilibre entre les compétences requises et celles disponibles à un autre lieu la plupart des activités du gouvernement qui touchent à l'heure toutefois les réductions de personnel par l'attrition. On revisé à l'heure n'est toutefois pas réaliste de supposer que nous parviendrons à gérer environ 9 000 employés quittent chaque année la fonction publique. Il absorbe par les retraites et les démissions, puisque La réduction annoncée de 16 500 emplois peut en grande partie être alors que de nouveaux emplois étaient créés dans d'autres secteurs de programmes.

Il est évident que la réduction des fonds destinés aux opérations fédérales se répercute sur l'emploi dans la fonction publique. La composition de «salaires» représente actuellement environ 55 p. 100 des budgets de fonctionnement. Si cette proportion se maintient au cours des années à venir, quelle que soit la population pourraire dès 1997-1998 en raison de ce budget. D'ailleurs, si l'on se fie au passé, le nombre d'employés touchés sera beaucoup plus élevé une fois que l'on aura dément pris en compte l'incidence des changements dans l'ordre de priorité des programmes, des méthodes avant-gardistes de présentation de services, des dernières nouveautés dans les technologies de l'information et des compétences requises et les besoins en personnel au sein d'un état des organisations publiques, et à mesure que continuent à évoluer les compétences et les besoins en personnel au sein d'un ministère et entre les ministères.

De 1985 à 1990, la réduction nette d'emplois s'est chiffrée à 10 700. Cependant, on estime à environ le double le nombre de postes éliminés

Ce tout devraient nous obliger à jeter un regard sans complaisance sur les priorités et à faire des choix difficiles. Comme je l'ai dit dans mon discours durant le débat sur l'Exposé économique et financier de décembre: «Il ne sera tout simplement plus possible de faire plus avec moins.»

Dans certains cas, il faudra réduire les activités et fermer des points de service. Ainsi, par exemple, on compte actuellement 64 Centres d'immigration du Canada; on en ramènera le nombre à 51, dont 22 seront relégués dans des Centres d'emploi du Canada. Pour leur part, les Affaires extrêmes fermeront neuf missions, dont trois ambassades. Il faudra aussi abandonner certains secteurs d'activités.

Mais cela ne suffit pas, car nous n'avons plus les moyens de financer tous les programmes actuels et encore moins de tolérer le double emploi et tout autre processus inefficace.

Les ministères et organismes sont amenés plus vigoureusement que jamais à restructurer leurs systèmes d'administration et de prestation pour trouver comment réduire les frais généraux et offrir les services à des coûts moins élevés. Il faut rediriger les ressources sur les points de service aux usagers et non sur les processus administratifs.

Les ministères n'ont pas le choix. Il faut faire saisi la chaque possibilité d'accroître leur efficacité en investissant dans la formation et le perfectionnement, et dans les technologies de l'information.

Par le passé, nous avons pris des mesures restrictives pour supprimer essentiellement le superflu que des années de croissance constante des dépenses fédérales avaient laissé s'accumuler. Au fil des ans, les ministères et les organismes ont été forcés de trouver de nouveaux moyens d'offrir les programmes et les services. Ils n'ont eu d'autre choix que d'investir pour accroître la productivité et tirer le meilleur parti possible des ressources qu'il s'amenouisaient. La demande en services augmente avec la population, tout comme la charge de travail des ministères.

Plus près d'ici, nous savons qu'à regarder les récents budgets et exposés économiques provinciaux. Ils nous confirment, hélas, que les mesures d'austérité, loin d'être ponctuelles, persistent.

Nous sommes loin d'être les seuls à éprouver des difficultés financières; les temps sont durs et le fardeau financier lourd à porter pour bien des pays et la plupart d'entre eux prennent lourdement des mesures de réduction des dépenses semblables aux notes pour remédier à l'insuffisance des recettes.

Le ministre des Finances a également annoncé diverses réductions visant d'autres secteurs, notamment le financement du développement régional, le Plan vert, les conseils subventionnaires, l'aide internationale, la défense, les logements sociaux, la Société Radio-Canada et VIA Rail.

Ces redéfinitions seront effectuées avec prudence, discrètement et confortablement aux priorités du gouvernement. Vu leur ampleur, nous savons qu'il faudra revoyer en profondeur un certain nombre de savons savons aussi qu'il faudra consacrer les rares programmes. Nous savons aussi qu'il faudra consacrer les rares ressources à notre disposition au financement des programmes de première priorité.

Nous avons décidé de porter à 15 p. 100 en 1995-1996, puis à 20 p. 100 par la suite, la réduction annoncée en décembre dernier visant la plupart des programmes de subventions et de contributions destinées à des organismes ou à des groupes d'intérêts divers.

1995. Avec les mesures annoncées hier dans le présent budget, il s'ensuit que les gestions dévouent en réalité faire face à une diminution de leur budget de fonctionnement de 5 p.100 en 1994-1995 et de 10 p. 100 en 1997-1998.

Monsieur le président, mon collègue, le ministre des Finances, a déposé un budget dans lequel il fait montre de responsabilité et d'esprit de décision.

Le plan financier présenté dans le budget va dans le même sens que les mesures annoncées en décembre dernier en améliorant encore la réduction des dépenses publiques. Bien que nos difficultés financières recèntrées résultent de la baisse de nos recettes, la solution n'est pas d'accroître ces recettes, mais d'apprendre à vivre selon nos moyens.

En agissant ainsi, nous respectons notre objectif relatif au déficit de 1993-1994 et nous ne contracterons pas de nouveaux emprunts d'ici la fin de la période de planification financière. Il est essentiel d'atteindre ces objectifs budgétaires pour assurer une reprise économique durable ainsi que les emplois et les gains en revenus qui l'accompagnent.

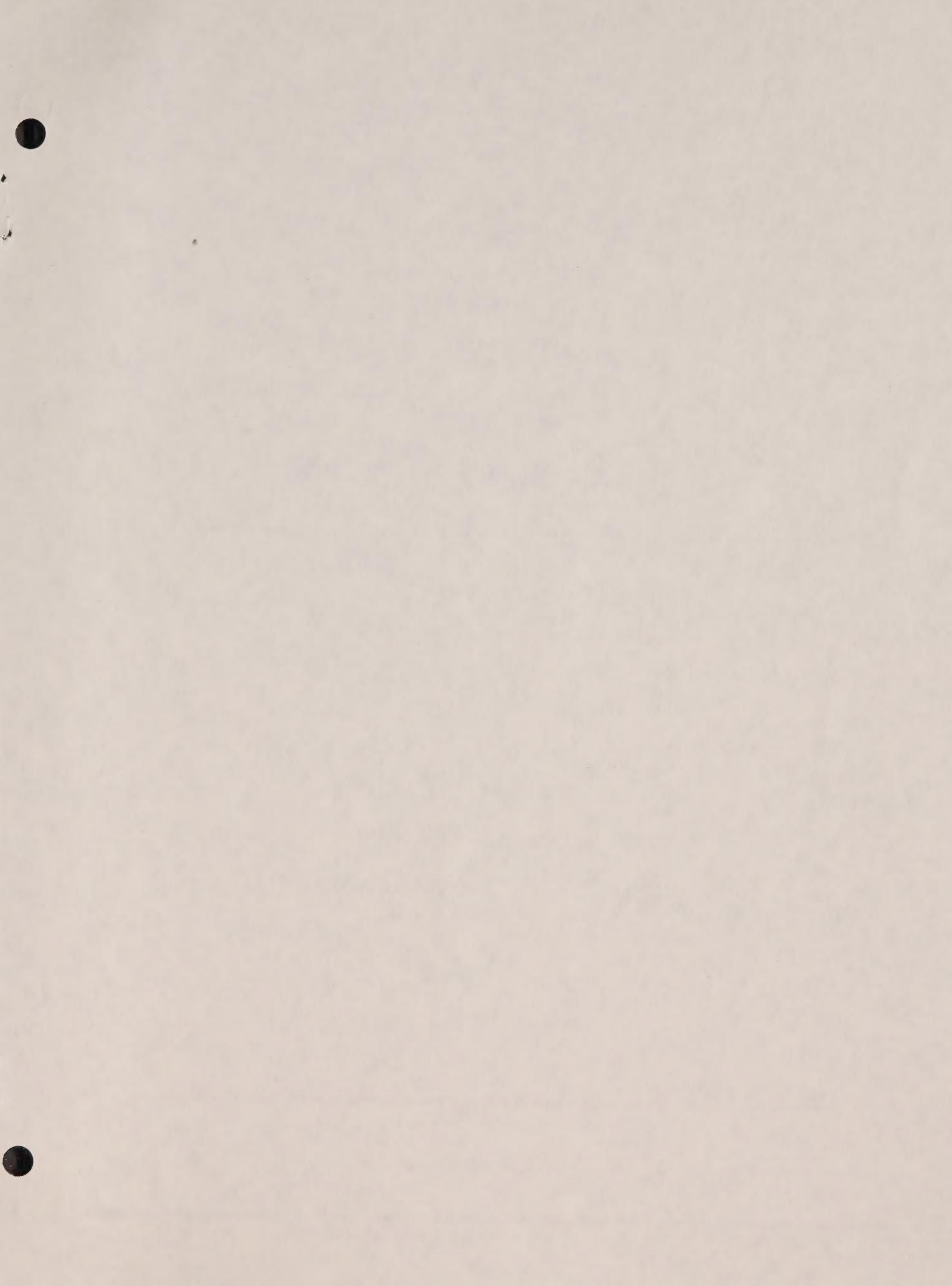
Je parle maintenant davantage des mesures annoncées dans le budget fonctionnement de l'appareil gouvernemental et la gestion de la fonction publique.

Ces mesures, qui s'ajoutent aux réductions déjà annoncées dans l'Exposé économique et financier déposé devant cette chambre en décembre sur les réductions du coût de l'administration fédérale. Ensemble, ces mesures auront, avec le temps, une incidence considérable sur le fonctionnement de l'appareil gouvernemental et la gestion de la fonction publique.

Comme l'indiquait le budget, les budgets de fonctionnement et les ressources destinées aux nouvelles initiatives ont été amputées de 300 millions de dollars en 1993-1994; ce chiffre montera progressivement jusqu'à 1,2 milliard de dollars en 1997-1998. Cela signifie que, durant les quatre dernières années du cadre financier, la réserve de fonctionnement, déjà très réduite, sera coupée de moitié.

En décembre dernier, les budgets de fonctionnement pour les dépenses autres que celles consacrées à la défense ont été réduits de un milliard de dollars pour l'exercice 1993-1994 et de 1,7 milliard pour celui de 1994-1995.

Ce budget a été élaboré dans l'optique de l'économie et de la réduction de l'endettement de la partie publique. En procédant à ces compressions fiscales, le gouvernement poursuit son objectif, soit de réduire les dépenses, le fonctionnement de l'appareil gouvernemental et d'accroître son efficience.





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VERIFIÉ AU MOMENT DE L'ALLOCUTION

LE 27 AVRIL 1993

A LA CHAMBRE DES COMMUNES
PRÉSIDENT DU CONSEIL DU TRÉSOR
L'HONORABLE GILLES LOISELLE
NOTES POUR UNE ALLOCUTION DE

